

[Sh. Bir Singh Mahato]

garding conversion of this line into broad gauge. As a matter of fact, earth work was started in 1984, but was stopped after a few weeks.

The present Railway Minister has also assured that this line would be taken up for conversion as soon as possible, when he visited Purulia.

I urge upon the government to immediately take up the project of conversion of this line in order to ensure the socio-economic development of Purulia.

(VII) **Need to supply adequate quality of boiled fine rice and Palm oil of Kerala**

PROF. K.V. THOMAS (Ernakulam): Kerala is the only State where statutory rationing is prevailing. Central Government has to supply rice, wheat, palm oil and kerosene to Kerala for distribution through Public distribution system. For giving full ration at the rate of 220 gram/person/day, Kerala needs 2,40,000 M.T. rice. But only 1,45,000 M.T. rice is being provided. The people of Kerala are accustomed to take only boiled rice. But F.C.I. is supplying raw and inferior quality rice which cannot be distributed through Public distribution system. As a result of this, within one month, the price of rice has increased from Rs. 3.50 to Rs. 7.20 per kg. in the open market. Similar as against the requirement of 10,000 M.T. of palm oil by Kerala, only 1,000 M.T. palm oil is being supplied. The unprecedented rise in the price of rice and palm oil has created problems for the people of Kerala. So, I request the Government to supply boiled, fine quality rice and palm oil in adequate quantities immediately to Kerala.

14.25 hrs.

SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) AMENDMENT BILL
— CONTD.

[English]

MR. DEPUTY-SPEAKER: We shall now take up further consideration of the motion

on Sick Industrial Companies (Special Provisions) Amendment Bill - moved on 2nd December, 1991.

Dr. Debi Prosad Pal may speak.

DR. DEBI PROSAD PAL (Calcutta North West): Sir, I support the Amendment Bill which has been introduced by the hon. Finance Minister.

The Bill propose to amend Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985, by deleting the words "But does not include a Government company as defined in section 617 of that Act" in clause (d) of sub-section (1). In other words, the Sick Industrial Companies Act of 1985 hitherto was applicable only to the companies which were not Government Companies. A Government Company has been defined in Section 617 of the Companies Act to mean a company in which 15 per cent shares are held by the Central Government or the State Government or by the Central and State Government and include also subsidiaries of the Government Company. This amendment has been necessitated as a result of the introduction of the New Industrial Policy which has been introduced in this House by the Government.

Hitherto the public sector undertakings which were incurring losses could not be brought within the purview of the Sick Industrial Undertakings Act for a proper study and also the analysis of the causes of such sickness and the remedies which are available to such sick industries. The public sector undertakings undoubtedly play an important role in our industrial growth and economy. As a result of the policy of the Government of India, the public sector undertakings are complementary to the private sector, they act in cooperation and not in competition and they are complementary with each other. But it has been found when the Bureau of Public Enterprises in 1983-84 took up the matter of examining the causes of sickness of the public sector undertakings—it was found at that time, it was in 1983-84, that out of these 229 public sector companies, 59 companies were having their net-

worth as nil and several crores of rupees thus were invested in the public sector undertakings and many of them including the pioneering industries in the public sector were suffering losses. Now, if it is in the private sector, the Sick Industrial Companies Act of 1985 provides for the reference of the sick industry to an expert body like the BIFR.

The BIFR constituted as it is of expert people analyse and go into the causes of sickness of such industry and then try to suggest remedial measures for the revival of the sick industry. In other words, the entire object of the Sick Industries Companies Act is preventive, ameliorative and suggesting remedial measures. If the sick industry can be detected at a very insipient stage and a suggestion can be made for the revival of the sick industry, it would be possible for the industrial survival of such companies.

In the public sector company, so far this aspect could not be brought within the fold of this legislation. The amendment for the first time introduces that such public sector companies which are suffering losses and which are eating into the vitals of our economy cannot be allowed to continue their sickness at the cost of national exchequer and also at a great social cost. Therefore, by this amendment, these public sector companies have been brought within the fold of this Sick Industrial Companies Act, 1985. At least 58 public sector companies in the public sector today are suffering accumulated losses. The net worth of the company has become nil. If these companies are allowed to continue, ultimately who will suffer? It is the people who will have to pay by way of larger share of taxes for meeting these colossal losses which the public sector undertakings are suffering. The result is that because of lack of proper management, because of lack of initiative because of sluggishness, because of lack of proper correlation, if certain public sector undertakings suffer losses, they can now be brought within the purview of this Act. It is not that they will be closed immediately. This is a wrong suggestion which has come from the other

side. Those cases will be sent to the BIFR which is an expert body. The BIFR will analyse the causes of sickness of such industry unit-wise or on the basis of each public sector company, according to its economic condition. Therefore the BIFR will now examine the each unit on its own, suggest the remedial measures. If some of these public sector undertakings are suffering losses, it may be, on a close analysis and scrutiny by the expert body like BIFR, possible for them to suggest some measures to the operating agencies like the financial institutions to operate the sick industry for some time and thereby assist in the revival of such industry. It is a very healthy measure and it is sought to be introduced by bringing these public sector undertakings within the fold of the Sick Industrial Companies (Special Provisions) Act, 1985. There is no question of bureaucratic revival as it is suggested. It is a policy of the Government, as it is announced in the industrial policy that there is no break-away from the Nehruvian doctrine, as it has been suggested from the other side. The Prime Minister has categorically stated in the House that our industrial policy is marked by a continuity and change. The continuity is that we have no break from the past. Since the industrial policy of 1948, of 1956, of 1973, of 1977 and 1980, the emphasis and the accent from time to time has been upon the public sector undertakings in major and key industries which are of urgent national importance. But we cannot allow the public sector undertakings in other spheres to live in their splendid isolation and not to be competitive with the private industrial sectors and also to go into the free market. What will happen? If the public sector undertakings are given a monopolistic privilege for years to come, then those who are suffering losses will be suffering losses perpetually. The inefficient units will be allowed to continue as inefficient units for ever. This will be a drain not only upon the national exchequer but the people ultimately will have to suffer. Now we have crossed the stage when our industries were in a incipient stage. The infrastructure has been established quite soundly and, therefore, now we have to move to the free market economy so that the

[Dr. Debi Prosad Pal]

prices ultimately will be coming down and the consuming public will ultimately get the benefit, as a result of competitive market.

It is because of this reason that this public sector undertaking will not be allowed to continue to be sick for an indefinite period of time. This legislation is preventive in the sense that before sickness grows the sickness is detected. Normally it is found that when the industries become completely sick, there is no correlation between the commercial banks and the term lending institutions. The commercial banks normally supply the working capital of the company. The term lending institutions like the financial institutions supply the long-term capital needs of a particular industry. If the detection of the sickness is made at the very incipient stage, then the expert body can give suggestions for the revival and the Government can act on the basis of the recommendations of the BIFR. It is wholly wrong to suggest that as soon as the public sector undertakings are brought within the purview of the Sick Industrial Undertakings Act, the Government is intending to close them down. That is not so. It is also wrong to suggest that reorganisation of the working people will be thrown out of employment by such measure. The Government has made it very clear in their announcement that it has no intention to throw the workers out of employment. If there is a sickness in a particular case 3/4 of the industry may survive and 1/4 may be closed down. In such a case those who have been employed there, the Government have no intention to throw them out of employment. They will be given alternative employments and, if necessary, as in private sector also, some other compensatory reliefs will be given. Therefore, it is wrong to suggest that by the introduction of this measure, by the introduction of the new policy, those who are employed in public sector thereof, will be thrown out of employment. It has been categorically stated by the Government in clear terms that it is not the intention of the Government which is a popular Government, to throw the working people out of employ-

ment. But once the sickness is detected, it is nobody's case that the sickness will be allowed to continue. It is only for prevention of such sickness, that this amendment has been introduced.

I must congratulate the Finance Minister that this amendment has been introduced at the proper time and it is in this way only that we can revive the sick public sector undertakings and thereby we can reduce our social cost. I must thank the Finance Minister for introducing this Bill.

Thank you.

[*Translation*]

SHRI MOHAN SINGH (Deoria): Mr. Deputy Speaker, Sir, I rise to oppose the Sick Industrial Companies (Special Provision) Amendment Bill moved by the Hon. Finance Minister. There is already a committee of the House to review the working of Public Undertakings and through this House we exercise out control over all the public undertakings and hon. Minister has tried to encroach upon the jurisdiction of the House by bringing this Bill.

An Industrial and Financial Reassessment Board has been established in 1985. Public Enterprises had been kept out of its purview since these were already under the direct control of this House and these are discussed in this House from time to time. Now the irony is that if we follow the principle that sick industrial units should be closed down, then the Air India and the Indian Airlines will have to be closed at first? But the Government would not even think of it, because the affluent people of the country utilise the services of such undertakings. When Government has to close down such sick industrial undertakings it would close Hind Cycles and Scooters India.

The problem with us is that the Government's approach is not at all correct. I agree with the Government that a break-away from the Nehruvian doctrines is needed, but the policy of self-reliance and self-dependence

is not Nehru's contribution, it is Mahatma Gandhi's contribution. So it is evident if some one opposes these policies, he is indirectly opposing the declared policies of Mahatma Gandhi. I would like to submit that the new Indian Government is not only crushing Mahatma Gandhi's ideology but also introducing a new the ideology of erstwhile Swatantra Party. The consequences of following this policy would be the closure of Fertilizer Factory at Gorakhpur. The Government would not think of doing so. By closing this factory, the Government would have to spend a sum of Rs. 23 crores annually in the form of salaries and D.A. to the factory employees and the Government would have to import fertilizers worth billions of rupees and to sell to the farmers of this country. Even then the Government would not think to make efforts to re-open the fertilizer plant.

I rise to oppose this ideology because Government is proposing to invite the foreign investment through the new industrial policy with the presumption that the new technology cannot be developed indigenously overnight. Therefore, first of all the foreign technology would have to be imported. But later on the idea of importing foreign technique was dropped and now the foreign investment are being invited in this country. It is a direct attack on the reputation of nine big industrial houses of this country. They should oppose this policy but they are also in favour of this policy, which is a matter of deep regret. If this policy is followed, the industrial houses of this country will be no where. The industrial workers had organised a big strike against the new policy of the Government that there will be no new recruitment in any of the Government institution or undertakings. Consequently, the problem of unemployment and terrorism is increasing day by day because unemployment is the main reason of terrorism. But the Government has no theoretical solution to this problem. Government should explain where would the young generation find employment under the present circumstances, particularly when the old industrial units are being closed. In the new industries no recruitment is al-

lowed to be made. So all doors of employment opportunities are closed. The Government of India has no answer to this problem. In the same way, the industrial Houses of this country are interested in profit making alone. They would choose the areas of profit only. If the chances of profits rise in fertilizer plants, they would try to obtain licences in that area. If profitability rises in setting up a cement plant, they would go closer to that area. Once there was a time when sugar industries were the money spinning industries. So the private sector took over the sugar industry in their hands and after earning a huge profit from the sugar industry, they have shifted their capital to other more profitable industries and weakened the sugar industry and forced the Government to take over this industry in the form of sick industrial units, thus putting all the responsibility on the Government to run these sugar mills. Naturally these mills will not run in profit and thus the allegations will be made against the Government that it is inefficient and it cannot run the undertakings smoothly.

Mr. Deputy Speaker, Sir, the Public Sector Undertakings have to perform three kinds of duties i.e. to increase the production in the country, to provide reasonable and remunerative price to the indigenous producers of raw material and to provide salary and emoluments to the workers according to their capacity and efficiency. But it is rather a matter of deep regret and disgust that the private undertakings concentrated all of their energies to make profit alone. They have neglected the interests of labourers, farmers and consumers while the public enterprises have to take into account the interests of all them. Social welfare is the first objective of the Public Sector. So, the possibility of losses is much more in the public sector units. Overlooking all these factors and merely making allegations that the Public Sector is only making losses and wasting valuable capital of the country by investing it in the public undertakings is not the proper way of thinking. Sir, I do not agree with this argument. Therefore, I would like to urge the Government that it should give a serious thought to our old policy of 'Mixed Economy'.

[Sh. Mohan Singh]

The concept of following the mixed economy was that the private sector should adopt the concept of social service pursued by the public sector and at the same time the public sector should adopt the ideology of greater production and efficiency pursued by the private sector. Thus it was thought that there would be a healthy competition in the country. But unfortunately this concept has been slowly disappearing for the last forty years. Public sector is steadily moving towards the objective of more and more profit-earning and the objective of social welfare is fading into oblivion. If Government starts viewing things on these lines, then it would withdraw the present industrial policy and stop pursuing that policy for which it is introducing new laws and amendments in this House, Government should review this policy and constitute a Parliamentary Consultative Committee in this regard. Government should review its policy of mixed economy with emphasis on supremacy of the Public Sector. The Government should give a second thought to the new policy which is called 'the Global impact'. We should not be trapped into this illusion that the communist countries are also inviting capitalist countries for investment in their countries, because we are a developing country. The capitalist world is engulfing the whole world with its new policy so we should form a new ideology so that we may be able to keep India free from the jaws of the capitalism. A Parliamentary Committee should be constituted in this regard which should make specific recommendations and then the Government may bring forward legislation for amendments in the laws.

Mr. Deputy Speaker, Sir, with these few words, I oppose the bill and conclude.

[English]

MR. DEPUTY SPEAKER: Everybody will get ten minutes and I think that it will be better if everyone can complete within ten minutes.

SHRI NIRAML KANTI CHATTERJEE (Dumdum): The issue is so important that the initial time limit fixed by the Business Advisory Committee will not be operational here.

SHRI INDRAJIT GUPTA (Midnapore): Sir, both sides must be given enough time. This is a very complicated issue.

MR. DEPUTY SPEAKER: When I say that hon. Members should stick to time it is because that more Members can participate in the debate. There are many Members who want to participate in the debate. Let us accommodate them also.

PROF. SUSANTA CHAKRABORTY (Howrah): Mr. Deputy Speaker, Sir, the Sick Industrial Companies (Special Provisions) Amendment Bill moved by the Finance Minister proposes to amend Section 3 of the Sick Industrial Companies Act, 1985, in order to cover the sick Government companies within the definition of the company so that the cases of such sick companies can be referred to the BIFR for the formulation or revival or rehabilitation scheme or winding up. I am sorry that I cannot support this Bill. On the other hand, I oppose the Bill and I demand its withdrawal. The Amendment, though a small one, has a very large dimension. The Bill proposes to wrest away the benefits that have been attained by the workers of our country after a series of struggles. The Bill bids good-bye to all the benefits that were given the Industrial Policy Resolution of 1956. It is a Bill which forces the workers to bear a disproportionately high cost of the burden of the structural adjustment reforms moved by the Finance Minister at the dictat of the International Monetary Fund and the World Bank. It is a surrender to the philosophy that the cause of productivity can be better served by the hire and fire system of the West than by having a dialogue with the workers and by establishing the norms for which the Trade Unions were established in our country. It is virtually an economic *coup d'etat* masterminded by the International Monetary Fund and the World Bank side by side. That is the signal that the

Finance Minister propose to give when he says that it will be referred to BIFR? Does it mean that these units will be handed over to the private persons - the people who are more interested in land and other immovable assets of these public sector companies - or these units will be shut down and the workers will have to bear the burnt of this Bill. Sir, I am opposed to sending it to BIFR. Going by my experience of the manner in which the sick private sector companies were handled by the BIFR. I oppose the Bill. The BIFR mechanism does not involve consultation with the trade unions on key issues. The BIFR has not the money; the BIFR has not the power; nor the BIFR has been made a permanent body till date by the Government. It is mostly run by people, by staff who are on deputation there and on any day they may be taken back. The Government is not serious about the functioning of the BIFR too. The Chairman of the BIFR many times drew the attention of the Government to all these; but the Government did not pay any heed. The BIFR itself is ailing. So, when you just leave the fate of these big public sector industries to the BIFR, what I believe is that the Government wants these units to shut down, to close down and it wants to sell the assets of these companies.

Till June 1991 the Board received a total number of 1423 references. Of these 142 were registered and 180 were dismissed. Out of 471 cases disposed of, 331 were of approved schemes of revival and 137 were of winding up orders. The BIFR again is not authorised to grant interim relief towards exemption from rescheduling of loans and concessions in respect of pat interest. So, I am opposed to this move.

The public sector in this country was set up as a vehicle for establishing heavy and basic industries having long gestation period, for providing adequate infrastructural facilities, for mobilising resources, for making the economy move in a desired direction. It is an instrument not for developing economy only; it is an instrument in the hands of the Government for bringing a social change. It is an instrument of change. The object is

not to make the steel or car, but to use steel and car-making a tool for social change, economic progress and distribution of income. So if we have to Judge the performance of the public sector, we have to take all these things into account. Only the question of profit and profitability should not be considered; it will only be a partial outlook. It is a strategic political question involving the country's sovereignty and political independence. The debate on profit and profitability should be considered in the context of a welfare state.

Is it a fact that all the public sectors are inefficient? From the performance of the steel industry during 1990 it is revealed that this industry as a whole picked up. In the production of finished steel, the public sector units performed better than the units of the private sector, while even a giant like the TISCO lagged behind as its production of finished steel was 12% less than that of 1989.

It is also a fact that public sectors as a whole have been incurring losses? In his meeting with the trade union leaders on November 17, the hon. Minister Shri P.A. Sangma placed the present position of 244 units under the Union Government. As on March 31, 1990 as many as 131 of the units with 85% of the total capital investment have made profits during 1989-90.

15.00 hrs.

Thus while 85 per cent of the capital investment has been giving back returns to the Government, only 15 per cent has not been giving a return on investment. Of course, there are chronically loss making units. They are numbering 48. But, the Minister has assured the trade unions that there will be a tripartite committee and on the tripartite committee, he will place the status paper and then discuss it. That is the way to solve the issue to discuss the things with the trade unions. But, why the Government is in a hurry to pass this Bill in this manner? I cannot understand the reasons behind it.

Again, many public sector enterprises

[Prof. Susanta Chakraborty]

are well-run, on a profitable basis, as I have already said. Some, even though well-run, may not be profitable, an example being the BHEL, which is without any orders for 1992 because of the paucity of financial resources with the Government and the proclivity of the Government to import power plants in 'tied aid' at considerably higher prices. I cannot understand the logic behind all these. When the public sector units have the capability to produce things, why the Government is trying to import these things from outside, I do not know.

Today my friends from the Congress side are treating the public sector as an unwanted child, to whom? they outwardly proclaim love for, while secretly designing someone else to take care of. The BJP friends are not prepared to treat it as a holy cow. I do not have any objection if they do not treat it as holy. At least they have treated it as a cow, which gives milk to infant, to the aged and to the infirm.

The workers of the public sector have created infrastructural facilities for them; the public financial institutions have given them money, so that these public sector companies have been made strong. But, now they say that the public sector should go and it should be sent to the slaughter house. But, before that, my hon. friend and veteran parliamentarian from the BJP Shri Jaswant Singh wants to make them holy by chanting *mantras*, from our religion, perhaps as preached by Dalmia of VHP, to whom, it is learnt, that assets worth more than Rs. 700 crores were proposed to be handed over, as against Rs. 40 crores or something like that. They have reasons to be pleased and so, they support the Government's intention.

Some of these units are sick. But, why? I am not giving my own argument; I am quoting from the Chairman of the BIFR Shri Ganapathy himself.

"We have not come across any single case

where labour has been the cause of sickness. By and large, sickness is due to other factors. Mainly management failures, external environmental factors including Government policies also contribute to sickness. In some cases, management is propose drastic sacrifices from labour and they are made. It is the promoters who want to make the least sacrifice. Trade Unions role are very constructive. Their primary interest is to ensure that employment continues. They also settled for retrenchment where there is surplus labour".

So, this is the attitude of the workers of our country. I submit that many of these units are sick. But, what is the attitude of the Government? The engineering industry, which was hard hit due to the Government of India's permitting items from abroad which can be purchased indigenously. Even in crucial sectors like steel, the Government of India has decided not to encourage growth in steel production. In view of the supply of cheaper steel in India buy the multi-national companies and so to sell steel in our country at a lower cost, West German Government was subsidising 100 dollar per tonne of steel sold in India, And Japan had half the prevalent price of steel items in the country. And we are spending foreign currency to the tune of Rs. 1,200 crore as import bill.

The Congress (I) people, the Government and the BJP are agog with speeches preaching the virtues of the Bill that will lead to privatisation. The Indian Merchants' Chamber has proposed a complete blueprint of privatisation of the public sector in a gradual manner and advocated that even profit-making units in the public sector should be handed over to the private sector. The ASSOCHAM President has gone one step

ahead and said that the ownership of public sector should gradually be changed from the President of India to the people of India. Who are these people? They are the big business houses and the NRIs. If the Government proposes to hand over these units to these people, I am opposed to this Bill. And I am opposed to the policy behind the Bill.

Why did the saviours of the public sector remain silent when the Reserve Bank of India came out with a study report that only two per cent of the units were sick due to labour management problems while the rest of the cases were due to mismanagement, diversion of funds to other profitable ventures, frittering away of the resources of the companies for dubious purposes and avoiding payment of taxes? Even when the honest officers try to collect taxes, they are not permitted. We have received allegations that the managers of these big companies are to collect funds for certain political parties during the time of elections. Is this the way these public sector undertakings should run? It is high time for the Government to change its attitude towards management and towards other things.

MR. DEPUTY SPEAKER: Time is over. You have taken 15 minutes.

PROF. SUSANTA CHAKRABORTY: Sir, I will complete. It is an important topic. Why do the propagandists of the private sector remain silent to the statement of the Chairman of the BIFR when he says:

"Units become sick but the persons responsible for making the units sick continue to become more and more affluent".

The Government has no answer to this. Nearly half the units in the public sector today were formerly units in the private sector. Some of them have been made viable and profitable and now want that these units are to be handed over to the private sector. Today, making a unit sick and diverting funds

to other units, I have already said, has become a profitable venture. Mala fide closure has already become an accepted term in the industrial relations.

The example of privatisation move of Scooters India was a clear example how valuable assets of public sector were sought to be handed over to private big business houses at throw-away prices. Against all these, the workers in our country resorted to strike on 29th of November. They will not be mute spectators to all these. That these words are not anti-rhetoric as is clear from the success of the strike. The people, in general, have responded to their call. This is a signal to you people who encourage the private sector and want to bid good-bye to the public sector. But you will not say the last word. It is the verdict of the people that will ultimately triumph. With these words, I oppose the Bill.

SHRI INDRAJIT GUPTA (Midnapore) : Mr. Deputy Speaker Sir, I totally oppose the Bill.

The first question which arises is when BIFR was set up under the Sick Industries Act, why did the Government itself, knowingly and deliberately, exclude the Government owned companies and the public sector companies from the purview of this Act. There was some reason for it; there was some logic behind it. The logic was that obviously even the Government realised that there is a clear distinction between the private companies and the public sector companies and they cannot be treated on the same footing and the assessment of the performance of these companies, the evaluation of these companies cannot be done by the same yardstick. That is quite obvious. Otherwise, to begin with, the public sector companies would have been brought under BIFR which they are now proposing to do. Sir, the reason is very simple. A sick 'company' as defined under the Act is a company which, at the end of any financial year, has accumulated losses equal to or exceeding its entire net worth and has also suffered cash losses in such financial year or any

[Sh. Indrajit Gupta]

proceeding year and 'net worth' has been defined in the Act as the sum total of paid capital and free reserves and 'free reserves' have been defined as all reserves which are credited out of profits and the share premium accounts and not other reserves.

Now, if this definition is to be applied to any company, the moment any company has come under the purview of this definition, it is supposed to be sick and under the Act, within sixty days of finalisation of the audited accounts of such a sick company, a reference has to be made by the directors of that company to the BIFR. This is mandatory under the Act. So, it means that in a public sector company also, if the company comes within this purview financially, if the audited accounts show that this is the condition of that company, then the Directors Board has got to refer it to the BIFR. Of course, a reference can also be made by the Government, the RBI, a State Government, if necessary, by a scheduled bank or by any of the public financial institutions which are operating in this country. Now, in view of this, the Government very knowingly kept the public sector companies out of the purview. Sir, the reason is that public sector was not set up simply in order to compute certain profits and losses. The bulk of the public sector companies have been set up to fulfil a certain priority need in the economic strategy of development of this country. Strategy may change now. That is a different matter. Now a strategy may be a different strategy dictated by the World Bank or the IMF. But the strategy which was followed all these years was that there was a need to set up public sector companies in those sectors where this country was lacking in infrastructure, in heavy industry, in strategic industries and where failure to do so, would make us dangerously dependent on foreign sources. Therefore, these companies were set up and therefore, they are not to be judged simply by their profit and loss accounts as is done in the case of private companies. Their place in the economy and their contribution in the economic development as a whole

have to be taken into account. There is a reason for my saying this. Of course, there are public sector companies which are making losses. There is no doubt about it. But the first attempt should be to see why those losses are being made, what are the factors responsible for those losses, whether they can be rectified or not and whether that sickness can be avoided or not. There is such a thing as an avoidable sickness. This does not make any provision for that. You see, it is not the question of compassion as my friend Shri Jaswant Singh was arguing yesterday. It is not at all a question of human compassion. In the last 10 years, nearly two and a half lakhs to three lakhs of industrial units have been closed down. There are not public sector units. They are private sector units. Nearly three lakhs units of have been closed down. Such is the compassion of our Government that the Labour Ministry cannot even give information or statistics as to the number of workers who have lost their jobs due to this closing down of these three lakh units. If you are on the subject of compassion, then I ask what happened to compassion in those cases. They do not even maintain any figures to tell you how many people have been checked out of their jobs with the closure of these units. What is compassion in this country, where human life has become the cheapest commodity available and where nobody bothers about human life? We know what is going on in this country every day. So, do not talk about compassion. We are not arguing on the basis of compassion at all.

The question about these public sector undertakings is this. Whenever it is apprehended that they may run into losses, or for some reason or the other, if they are not functioning as well as they should be, is it not the job of the Government to set a machinery in motion to identify the causes of those losses and try to rectify them in order to avoid sickness? But no such thing has been done.

A reference to the BIFR is made after the company has been declared sick according to the formula laid down in the Act and not before it reaches the stage of sickness. No precautionary measures are to be

taken. Somebody has just now referred to what Shri Sangma has stated. In his meeting with the trade unions, the other day, Mr. Sangma promised that before these cases go to BIFR or anywhere else, a tripartite committee consisting of representatives of trade unions even of employers and of the Government will look into those cases. I take it that he has promised on behalf of the Government and I hope the Finance Minister is aware of it! He promised that this tripartite committee, a sort of screening committee, will be set up which go into these cases before they go to the BIFR. But there is no announcement yet about this committee. When will it start functioning? What will be the procedure? What will be its composition? We know nothing of it.

My point is that in most of these cases, no serious attempt has been made to investigate into the causes of losses. What are the factors that are responsible for these losses? I know of many cases in which if timely action was taken, these losses would not have been incurred. But nothing has been done about it. I have no time, but I would like to just briefly mention two or three examples.

Take the case of IDPL - the Indian Drugs and Pharmaceuticals Ltd. It has so many branches set up all over India. It was set up with the assistance of the Soviet Union in the beginning because it was felt that we should not become depend only on private pharmaceutical and drug companies and very well-known multi-national branches which are operating in this country and which want to control the market. So, the IDL was set up.

Now Sir, in most of the Central and State Government hospitals and dispensaries, you will find that they do not at all keep in stock the medicines and drugs manufactured by the IDPL. Has any directive been given to them ever? If you go to a medical shop to buy a particular medicine, you will find medicines manufactured by so many companies, but not the ones manufactured by IDPL. Stockists will tell you, "We are sorry, we do not keep medicines of IDPL." I

have myself had this experience. Why? Because, IDPL, being a public sector company, cannot pay any extra commission or any money to those chemist shops and druggists to keep their stocks. But the private companies can do so. So, why should they not run into losses eventually?

Take the case of steel. We are frequently told how still is being produced at much cheaper cost in South Korea. But steel manufactured by our public sector steel plants is carrying the heaviest burden of excise duties in our country. I don't think in South Korea or any other country a commodity like steel is subjected to such a heavy excise duty as in our country. If those excise duties are reduced or removed our steel can also be marketed at much lower price. So, what is the use of saying that they are running at loss?

Take the case of Bharat Heavy Electricals. It is the only company in the third world which has the capacity of manufacturing the entire range of power equipment. We should be proud of that. But what is happening now? The very same power sets which the Bharat Heavy Electricals has made and is capable of making, for that they have entered into a collaboration agreement with the well known multi-national of Germany, Siemen to manufacture the same thing here. Such is the psychology of the managers of our Power Undertakings and even the State Power Corporations that they will not buy their equipments from BHEL. They always want something which is imported from abroad. Now the orders are diminished. There are no more orders.

SHRI MURLI DEORA: They suffered with quality.

SHRI INDRAJIT GUPTA: No question of quality. In every case where there has been any complaint, it has been checked up and investigated. It was found that the quality is perfectly good.

Now, I am just making the brief remarks. Take the case of Hindustan Shipyard at

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Vishakpatnam. This is the only major shipyard that we have got. We are paying Rs 2400 crores every year as shipping charges to foreign ship owners. We have not got ships of our own to carry our trade. Bulk of the trade is carried in foreign ships. Rs. 2400 crores per year is paid as shipping charges. Is it not necessary that the public sector should develop ship building so that we should become self-reliant and have enough ships of our own?

Vizag Shipyard is running into difficulty but for whose fault. Why was it sent to BIFR? Is there a shipping recession going on in the world and as a result of that international recession, the ship building suffered a set back. Not only that, in our country there is lack of flow of order and there is totally unremunerative price fixed by this Government. These are the reasons why the shipyard runs into losses. Has any serious attempt been made to identify these factors and to apply any correctly measure before passing a Bill which will allow the Board of Directors in every case to avoid their own responsibility and just say 'send it to BIFR.' I am totally against it. Public sector and private sector cannot be treated on the same footing. That is the reason why Shri Sangma was compelled by the trade unions in that meeting to agree to have a sort of screening committee which will go into those cases before they go to BIFR.

This Act, of course, does not provide anything and it makes it compulsory for the management to refer it to BIFR, the moment it fits in with the formula which is laid down in the Act.

Then, Sir, I come to the question of attitude towards the public sector. I consider that attitude to be totally negative and anti-national. There may be some companies which are in chronic losses and which cannot be recuperated. Those cases should be identified. Certainly the trade unions are prepared to cooperate and look into as to what can be done with regard to them. But

those blanket provisions are being made viz. free the board of directors from its own responsibility and the easy way out is to send it to BIFR.

Therefore, we are totally opposed to it. That is a method by which the Finance Minister made a declaration at Bangkok that the losing units, the non-viable units should be closed down. Instead of taking the responsibility they want to pass it on to BIFR, which will put its *Dhobimark* and say that this should be liquidated, would up and the Government will give up and say what can we do. BIFR is an expert body and it has said that it must be wound up. Is there any public sector philosophy, any consciousness in the minds of the people who run the BIFR? I doubt it very much.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Why is it so?

SHRI INDRAJIT GUPTA: It is the case.

SHRI MANMOHAN SINGH: Just now you heard the hon. Member paying tributes to the Chairman of the BIFR.

SHRI CHITTA BASU (Barasat): He has mentioned this because some remarks were made by the BIFR Chairman regarding the reasons for closure.

SHRI INDRAJIT GUPTA: That Chairman, better not make too many statements, otherwise he will lose his job. I know that. I know Shri Ganapathi. He would not last very long, if he goes on making such statements now. What is going to happen to the workmen of these units which may be ordered to be closed down? It is not a question of compassion. Where workers and trade unions do not, in this respect, have any confidence on this Government, on the present system, what will happen to all those workers who are working in these units which would close down?

In our country, there is no system by which surplus workers - surplus workers may be there in many units - can be re-

deployed. They were, if necessary, be given proper training.

We have been told about the 'Safety Net'. An expression is being used as 'Safety Net'. So, they are going to provide this. Nothing has been sell out. Nothing has been defined. How is it going to operate? Where are you going to find alternative jobs? Where are you going to provide training for these people? Just because a dollop of money was being handed over by the IMF which is a sort of incentive to you to expedite the process of closure does not mean that automatically, these workers are going to be looked after. They have to be redeployed, that is, those who are inevitably surplus. They have to be provided training, if necessary, for new jobs to which they may be shifted. But have we got any economy like that?

SHRI MANMOHAN SINGH: We can expect that.

SHRI INDRAJIT GUPTA: You can expect anything in words. You tell me whether those jobs are available, to which you will redeploy these workers. Where is it? A whole effort is being made to get less workers to do more work. You are cutting down labour force everywhere. You are not expanding the labour force. Your whole philosophy is to reduce labour force to save on wages, to save on labour costs. Therefore, there is no method. There is no plausible method of procedure by which, this so called safety net can operate. Upto today, I am only hearing about it. But nobody has bothered to spell it out how it s going to operate. No worker has any faith on this Bill. I know they are entitled to their retrenchment compensation. That is already there under the Statute. Every worker is entitled to it. If they have saved some money in the Provident Fund or in their retirement gratuity, of course, they will get that. Nobody can take that away from them. But that is the question of compassion, as Shri Jaswant Singh was arguing here. I do not know your compasslon. I want justice for the workers who have been chucked out for no fault of theirs because of some policy which you have decided to implement here.

So, it is because of this precisely that general strike took place. It is because you have created a feeling of panic of apprehension in the minds of every worker that what will happen to them tomorrow without any provision for them for the future. They are today feeling most shaky and panicky and they do not know what will happen to their job security. Therefore, this is not the way to go about this thing.

About this job security and safety net, until the Government spells out something, we are not going to agree to it just in words at all.

As far as the question of closing down public sector units is concerned, we are not agreeable to it until some method is devised by which causes of these losses are identified. From Indira Gandhi's time, when Shri Pranab Mukherjee was the Finance Minister, we have been pleading with them. Each time, we were told that a Conference will be called, papers will be prepared beforehand and trade unions and employers will be called and they will study indepth the causes for losses in specific undertakings but it was never done. It has never been done upto this day and it will never be done. I am saying, it will never be done. Because of the wastes and corruption which are taking place in the public sector units, the theft which is going on, the collusion between the managements and private contractors which is going on there, the trade unions want to expose these things. Because we are interested in the success of the public sector. But you do not want to expose these things. You do not want these things to be exposed. Therefore, nothing is studied. Therefore, this way a general massacre of public units, in the name losses cannot be permitted and if necessary the working class will again protest against it vehemently with all its strength.

And therefore I would beg upon the Finance Minister not to proceed like a bull in China shop with these things irrespective of what may happen. You don't dismantle this whole structure which is being set up with so much sacrifice and pains over the years. I

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don't say that every single public sector unit must be preserved just as it is today, because there are many things which have crept in, no doubt; I agree; but, this is a general thing which we have introduced here.

Let the Board of Directors must be given full powers. The moment they consider a particular unit sick - why it is sick nobody bothers about it - hand it over to the BIFR; and the BIFR can suggest anything from liquidation to take over by some private firm, amalgamation with some private firm, anything they feel like this or winding it up, anything. Why should we submit to these things? This is not what the public sector was built for.

I think many Congress friends over there, who believe in this philosophy of self-reliance, of self-depending on our own resources, of building up of public sector which will free us from dependence on foreign sources, they should also oppose this kind of measure. If you do not oppose it, tomorrow you will also be held responsible for dismantling of this whole public sector; and that is something which is against the interest of our country. Therefore, we oppose it and we beg of the Minister to even now reconsider this Bill and not force it through just because they think that this is something which must be done at the behest of somebody else. Therefore, I oppose this Bill totally, unconditionally; and I appeal to all Members not to support this Bill.

[*Translation*]

SHRI RAMNAGINA MISHRA (Padrauna): Mr. Deputy Speaker, Sir, I am thankful that you have given me and my party an opportunity to express our views on the Sick Industrial Companies (Special Provisions) Amendment Bill, introduced by the hon. Finance Minister. In this House, there are Members of all shades of opinions. In regard to the Bill introduced by the hon. Finance Minister on behalf of the Central Government, I would like to submit that the Congress adopted

socialism mixed economy for the country, which *inter alia* meant encouragement to the Public Sector and shaped its policies accordingly during the 40 years of its rule. There had been conflict between the socialism and imperialism in the international arena for a long time. Russia had been recognised as symbol of socialism and it was considered as one of the big powers of the world. But to SHRI INDRAJIT GUPTA: SHRI INDRAJIT GUPTA: ay, Russia and socialism have completely failed.

Just now, it was said that all these things were introduced by Shri Jawaharlal Nehru. It was the ideology of Shri Jawaharlal Nehru. Had heavy industries not been set up in the public sector, the development that we have achieved to-day would not have taken place. But it is a gift of the time. Necessity is the mother of invention. "After analysing these things," we are glad to say "the Central Government paid attention to the thought that if it did not amend it, what would be the position of farmers and labourers, the two main sections of our masses. All our leaders and we also express our concern for the labourers but nobody thinks of the plight of the poor farmers in the villages.

Realising taxes from the farmers, collecting crores of rupees from them, we are ruling the country. I like one thing in this Bill. Just now Mr. Gupta said, "Krita prayatnah karyasidham na bhawet tatra kutra doshah." It means despite our best efforts if we do not achieve success, we should examine as to where lies the fault. It is absolutely true. We would have to think as to why the Public Sector Undertakings have become so sick. It is not a matter of principles, I am simply concerned about the policies. There are several sugar mills in my state and it is the main industry of the State. 38 sugar mills are in the hands of corporation which are running in losses worth millions of rupees. Whosoever joins these mills as a manager he becomes a millionaire. Hon. Sir, in this way the sugar mills in the private sector are earning a lot, I use the word 'Paploo' for them. The sugar of one quality is sold @ Rs. 750 per bag (quintal) by the public sector and

the Corporation but the private sector sells better quality of sugar at the rate of Rs. 725 per quintal (bag). In fact, they show the price as Rs. 725 in their books although they charge Rs. 750 and thus make Rs. 15 to Rs. 25 per bag as extra income or unaccounted money. I request the hon. Minister to get it investigated. Owners of big sugar mills are familiar with the word 'Paloo'. Both the private and public sector are looting the public. In the Private Sector, the owners are looting while in the public sector, the officers are doing it.

Mr. Deputy Speaker, Sir, I am not quoting from any book but giving a suggestion based on my personal views. The mixed economy had been introduced in this country on an experimental basis. Similarly the sick sugar mills should be handed over to the workers for 3-4 months on an experimental basis and it should be made clear to them that they will be equally responsible for the loss and the profit in the mills as the Government. This experiment should be done in 3-4 mills and if it succeeds it will be a great achievement.

Hon. Sir, I am not of the view that the public sector units should not be developed. But what is happening. In reality, when a company is handed over to the public sector, it is taken that it is going to suffer loss. Workers doing Government works are concerned with drawing their salary and not the work. I am citing an example. I have come across a report in the newspaper that there is a Government textile mill in Kanpur. The employees of this mill have sold 21 truck load of spare parts and iron etc. in the market. One of these trucks carrying spare parts of the machines comouflaging them as scrap was caught. Leaders of the Congress, Samajwadi Dal and Communist Party have issued a statement in regard to this incident. Hon. Sir, if you allow me I can read a para of that report, in which it is said:.....

"In a joint statement leading trade union leaders have demanded that a C.B.I inquiry should be

conducted into the incident of clandestine sale of material from Algin Mill No.1. In the statement, it was also emphasised that immediate disciplinary action should be taken against the guilty officers who have been named in the F.I.R. and they should be arrested at once.

It is to be noted that it was at the instance of labourers that spare parts of machines concealed in scrap and being taken out for clandestine sale were seized. The value of these spare parts has been assessed to run in lakhs of rupees. The statement further says that the management is behind such pilferages which makes the mills bankrupt and the responsibility for the loss is shifted on to the workers. In the statement it is also stated that this issue will be raised in the Parliament as well as the Assembly".

Hon. Sir, I would like to request the hon. Minister that he should at least make an enquiry as to why these Sugar Mills, Textile Mills or other such mills are running in loss. Today, all of us are worried about the labourers. We also want that the national wealth, which is the result of hard labour or the farmers should not be squandered any more.

Sir, the Minister of Textiles recently made a statement that due to closure of the textile mills one and a half lakh workers will be rendered jobless. With your permission, I would like to quote the statement made by Shri Gehlot:

As on September, 91 there were 275

[Sh. Ram Nagina Mishra]

sick textile mills in the country, out of which 68 were spinning mills. After making an assessment, it has been found that 39 mills can be revived. But it is difficult to say as to when production will be resumed in these mills".

An amount of Rs. 35 crore 96 lakh has been spent on the rehabilitation of the labourers. Approximately a further sum of Rs. 53 crore 65 lakh is to be spent. Where from this money comes? This is the money contributed by the farmers by putting in hard labour. Funds should be made available to cure that the sick and should not be allowed to be misappropriated. Hundreds of mills have been lying closed for years. Why the Government did not keep an eye on the situation? The Government should look in into it. This situation is prevailing not only in our country but all over the world. Today, all over the world and specially in India, it is a challenge to the public sector to prove that it can perform better than the private sector. Our Finance Minister has brought forward an amending bill to provide for taking over of viable sick units by an Industrial Board, instead of closing them down. It is a step in the right direction.

Will the hon. Minister state the reasons as to why the same quality of sugar is being sold at different rates; in public sector it is being sold at high prices and in private sector at low prices. I have cited two examples - one of a textile company and the other of sugar mill. Similar are the conditions obtaining in Fertiliser Factory at Gorakhpur. Millions of rupees have been invested in this plant but it has not been functioning for years. The Administration has been paying salary to twenty lakhs workers. Why the money is being wasted in such a manner. Has the Government made an enquiry into it? This money is not ours; it is the money earned by the farmers through their hard labour. What is the logic in paying Rs. 30 lakh by way of salary to the labourers without taking any work from them, particularly when the mills are not functioning. There is only one fertil-

izer plant in Purvachal at Gorakhpur which has been producing fertilisers for the benefit of farmers. That plant too is not functioning. You should order an inquiry into its affairs, restart it and ensure that it works properly leaving no scope for misappropriation. I would like to submit another point that there are hundreds of sugar mills in Uttar Pradesh and it is the largest industry in the State. The capacity of some old sugar mills is very low. I would like to say if the Government close down the sick mills, then what will be the fate of the farmers. I submit that the Government should conduct a survey of the sick mills running in loss due to their low capacity and raise their capacity to 2500-3000 tonnes, so that the farmers as well as the labourers may benefit. It is better to make the labourers work by increasing the capacity of the mills than paying them without work.

I would like to say a few words about the strike. The hon. Minister should have introduced this bill long back. Millions of rupees have been lost in the absence of such an enactment. The proverb "better late than never" applies here very aptly. If there will be any agitation it will cost millions of rupees. Unhesitatingly, I may say that the trade unions should consider the company as a hen which lays golden eggs. It may be right that they must fight for the cause of labourers and farmers but the company should be maintained properly. How will you get your rights or shares if the company is ruined. Millions of rupees earned through hard work of the farmers and the labourers of our country have been spent on the development projects but they did not get full benefit of them. Problems cannot be solved by strikes. Problems can be solved through mutual discussion and this is the need of the hour.

As per the provision of this Bill introduced by the hon. Minister, the Industrial Board will examine the sick mills and those which will be found viable, will be run with the cooperation of the workers. The workers will not be rendered jobless. You have given several assurances and you should keep your word. You should pay attention to the problems of the farmers. The income of a

farmer is less than Rs. 10 per day in the villages. Even though he does not get work.....(*Interruptions*).... We think that there will be the Government of both, the farmers and the labourers and both will be partners in it. It is the ideology of the B.J.P. Everything must not be interrupted in this way.

"Agar chak hai daman, to baith kar silo,
Peking ke darjyon se silana nahin
achcha."

The slogan of socialism is not a new one. In our Indian culture, the spirit of "Vasudhaiv Kutumbakam" is in existence for a long time. In our country, there is a tradition of asking the neighbour before taking food, whether he has taken his meals or not.

"Sain itna dijiye, Jame kutumb samaeye
Aap na bhukha rah sake, atithi na bhukha
jaye".

This is our sacred principle. Our socialism is much more higher than yours.

I think that the hon. Minister has introduced this bill after serious consideration. I would like to tell to the socialist members that socialism is on the wane. Nehruji had given the slogan of socialism after visiting Russia and set up large industrial units in the public sector. They are the vestiges of socialistic pattern in our country. There may be some defects in it, which can be rectified. You should work for the welfare of the country and society.

In the end, I support this Bill on behalf of my party.

[*English*]

SHRI SHARAD DIGHE (Bombay North Central): Mr. Deputy Speaker, Sir, I rise to support the Bill that is before the House. *Prima facie* it is a very simple and innocuous Bill. It cannot be gainsaid that a vibrant public sector cannot be built on weak financial foundation. If the public sector is to continue to be significant in the changing industrial sector of our economy, it must be a source of

generating wealth. However, I would make certain observations, as far as the apprehensions which are there in the minds of the working class of this country. There is an apprehension that this might result into a steam-rolling of many public sector undertakings resulting into a large-scale unemployment and it might be that the seal of BIFR will be used by the Government just to justify their action of closing down of certain public sector undertakings. Therefore, my first submission and suggestion to the Government is that immediately the provisions of the Principal Act referring to the establishment and the functions of BIFR will have to be restructured and re-drafted before these provisions are put into effect. This bill brings all the public sector undertakings under the Principal Act, with the result that BIFR will be the principal body to decide whether a public undertaking is viable or not. Now, according to my submissions, BIFR has an eye of an accountant. So, sick industry that is defined under the Principal Act merely refers to profits and losses and on those basis an industry is declared to be sick. Then, it is the duty of the Directors to refer it to BIFR or even the Central Government, State Government, Financial Institutions, Reserve Bank may also refer them to BIFR. But, it appears that in BIFR before considering whether the question of rehabilitation or the question of winding up that industry, the main consideration is the financial matter of that company which decides the whole fate of the company.

Firstly, the composition of BIFR, as envisaged in that Act, is also not very satisfactory and that will have to be recast or in practical terms at least the Government will have to take care to include definitely the representatives of the workers on BIFR. At present, it consists of a Chairman and not less than two or not more than 14 Members and their qualification is that he should be on qualified as a High Court Judge or having experience in economics, banking, industry, law, labour matters. I do not know what is covered by these labour matters. But, I do not think, at present, at least in any BIFR any representative of the workers are represented

[Sh. Sharad Dighe]

and that care will have to be taken by the Government first in order to create confidence among the workers that justice will be done to their cause. This eye of an accountant should not be used to close down the undertaking or to consider rehabilitation of that company.

I know many undertakings and there is one such undertaking in my constituency where the failure of the Government has given rise to the continuous losses in that undertaking - the National Bicycle Corporation, Bombay. Formerly it was Hind Bicycle Company of, I think, Birlas or Poddars and then it was taken over. Now the surprising fact is that out of those 58 public undertakings which are identified by the Government, at least forty-six are those which were taken over by the Government themselves. And after having taken over, what have we done about them? It will also have to be gone into whether we have administered any right medicine to these sick industries or not and if that has not been done, then naturally they continue to be in losses and they will come in the clutches of the BIFR and the very purpose of taking over those undertakings would be defeated.

I was referring to the National Bicycle Corporation. This company was taken over somewhere in 1974 or 1975 and since that time, no sufficient capital was given to this company to get raw materials. The result is that for the last 4-5 years, wherever I have visited, I have found that the workers are just sitting idle. They have no work. When I ask them why they are sitting idle, they say they get pay but there is no raw material. The Government does not give capital to purchase raw material and without raw material, no production can be made. Now, bicycle industry, in fact, is a flourishing trade throughout the world. There is international demand for bicycles. But because no raw material is given, the workers cannot do anything. Therefore, my request to the Government is that this aspect also will have to be considered that since we took over these compa-

nies, did we give them correct management. Many times only retired army officers are sent as Managing Directors. They do not know about that industry at all. So, it has to be considered whether correct management was sent and whether they were given proper raw materials and capital for that purpose. If that was not done, then it is no use merely saying that they are running into losses. Then they will naturally run into losses and this will result in unemployment as far as this BIFR effect concerned. Therefore, if want to achieve the object of having the resource generating public undertakings and closing down the real companies which are not making any profit at all, then we shall have to first examine them in a proper perspective and not only from the accounts point of view. Along with that, we must also provide the proper scheme for the workers who might become unemployed as a result of the closing down of that company. Unless that scheme in detail is put before this House, before the public, the confidence of the workers would not be gained and always there will be disinformation and misapprehension. This step will then be looked upon as a retrograde step. There might be more and more opposition to the good step which the Finance Minister, with good purpose and with sincerity, is trying to take in order to improve the financial position of this country, which is in great difficulty. If we do not attend to these difficulties, we may go also in the same way as several other countries, such as, Soviet Union and many other East-European countries have gone. Therefore, it is utmost necessary to take urgent steps to improve our financial condition.

16.00 hrs.

We must have reforms as far as the finance is concerned. We must also see that our public undertakings are run efficiently and run with profit. But before existing them, we must create a good mechanism which will create confidence among the people and particularly in the minds of the working class so that there will be less and less opposition. There might be a national consensus as far

as this step is concerned. We will be able to achieve, by bringing all these machineries under this very Act.

I submit it that if machinery similar to BIFR as hinted in the hon. Finance Minister in his budget speech that he would like to refer them to B.I.F.R. or a similar body it would have been good. But he has chosen to bring all these matters under B.I.F.R. If that is to be done, then the B.I.F.R. should be restructured and recommended in such a manner that proper justice is done and proper assessment it made of the public undertaking which we intend to close down. That will create a sense of confidence among the working class. With these observations, I support the Bill,. Thank you.

SHRI K. P. REDDAIAH YADAV (Machilipatam): Sir, Deputy Speaker, Sir, I oppose this Bill for the following reasons. An important issue like this which concerns the whole of nearly 800-900 million people of this country should be discussed and debated impartially and impersonately and not an party lines.

Before I give by reasons for opposing the Bill, I would like to go into the fundamental aspect on which this new industrial policy and lot of other changes in the financial as well as other centres have been brought down by the Government of India. The main thing is the advice of the World Bank as a true friend of this great country. Earlier also during my speech on the industrial policy in the debate on the floor of this hon. House I brought to the notice that certain measures are to be taken before we proceed further and before we take the whole country into ransom. I submit that during the past four months, nothing was intimated by the Government of India either in correcting the malpractices hitherto being followed or at least in cutting down the expenditure. I do not know whether they have given any instructions in this regard.

In my speech on an earlier occasion I have suggested that if we were to cut down

the provision of jeeps and cars upto the level of sub-divisional officer, we will be saving nearly Rs. 3-4 crores of foreign exchange on account of fuel which is imported by us. I submit that in China, even class-I officers travel by public conveyance like trains and buses and they even use bicycles. When we are in such a critical situation, why the hon. Prime Minister or the hon. Finance Minister has not given instructions to a good number of departments in this regard? They want to throw the entire masses into untold misery and tragedy, many of whom are not getting their second meal in a day. But the Government do not want to touch upon the 5 per cent of the employees of the country.

I have enquired from some of my friends and I gather that the real advice given by the world Bank is to de-licence, de-regulationise or remove some obstacles and bottlenecks to the extent that they are benefited. I have put a question to the intellectuals, to the companies; 'Any other advice was given?' They said that they have not given any other advice with regard to bad administration, rampant corruption in the political executive, bureaucracy, press and judiciary also. If they are really our friends, if they want of help us, if our country is to be one of the front countries among the countries in the world, they could have suggested, 'Well, Mr. Finance Minister, you check, the Chief Minister of such and such a State, you check the CMD of such and such an undertaking, you check such and such an organisation where rampant corruption is going, whereby you can rectify your public sector units of any steel mill, and so on' But they have never suggested these things. They have suggested to the extent that they can loot. I could have saluted your World Bank people and I could have supported Mr. Man Mohan Singh's radical reforms had they given simultaneously suggestions about rooting out corruption in all departments of life. So, first of all, I say that they are not our real friends. They will simply land us in trouble. They have landed so many countries in trouble. You can take, for example, so many countries. Therefore, Sir, I am not going into details of all those things.

[Sh. K.P. Reddaiah Yadav]

16.06 hrs.

[SHRIMATI MALINI BHATTACHRYA In
the Chair]

Now I will give a few points about one public sector unit so that you can form an opinion about all other public sector units. For example, you can take the all BHEL unit in Hyderabad. This is one of the highest gain public sector undertakings lot of profits accounting to crores of rupees till 1979 or so. That have got 10,500 people on rolls. Out of them 5000 are the workers and 5,500 are above supervisor cadre, i.e. officer Manager, Deputy manger, Director, Deputy Director etc. Their office is located in Delhi. What are they doing actually ? They are producing gas turbineh sets up to 500 MW which have been installed in NTPC, in Islamic countries and in so many Electricity Boards of the State. They have been performing very well at par with Siemens and L & T. Why are they going into loss? The real reason is that these 5,500 officers have got every modern equipment installed in their factories at par with Siemens and L&T. What they are doing is, 75 per cent of production they are giving to the sub-contracts. Who are the sub-contractors? They are the Managers, Deputy Managers or the politicians or the henchmen of CMD who are doing this work. At Four O'clock they get up and then perform their job at sub-contractor's premises with these BHEL machines. Do you know how they are selling this equipment of BHEL under the sub-contractor's firm's name? Suppose there is an erection of Rs. 100 crores from NTPC or Arab countries or Electricity Boards. They will retain 10 per cent profit and 90 per cent are is given to the sub-contractors. But the erection will be done by the BHEL with the BHEL machinery or BHEL staff and this is nearly 100 per cent profit contract. (Interruptions). I challenge . If anybody says 'No', I will tender my resignation here itself and I am prepared to be shot dead.

SHRI MURLIDEORA (Bombay South):
Don't get shot. (Interruptions).

SHRI K.P. REDDIAH YADAV: When you are taking the country to ransom with irresponsibility, I have to say this. When you will open your eyes, I do not know. That is why I say, it should not be discussed. Find out where are the loopholes and you have to plus them. You have to find out the root causes. If you cannot find out the root cause and remove it, morally you are not correct to close down these units.

In the erection contract , in BHEL, in Rs. 100 crores erection contract , they do it for NTPC and for other Islamic countries. There including the General Manager, everybody will take 10 per cent profit. Actually, in erection there is 60 per cent to 70 per cent profit. That is the only item where we get money from the BHEL. Then, they will give it to sub-contract. The contractor will be either *benami* or son or daughter or grandson or grand daughter of the General Manager or Director or it will be contracting company where 50 percent of the shareholding will be the *benami* shareholders of your Director or Manager.

Even for the repair of machinery, they will take out all the good parts from their own machinery and give them to the repairer. And they will purchase the same machinery at exorbitant cost, say Rs. 5 crores or Rs. 10 crores for cranes and generators. Then, this is going on, what are the intelligence agencies doing. What is the Ministry doing? Did the bureaucracy review it at any stage? Did your Minister take the efforts to understand this phenomenon or this operation which is going on in the country? How can you say, "My workers are unpatriotic, my people are unpatriotic?" You have taken the country to this level of bankruptcy.

Even about IDPL I want to say one thing. You must understand that we are not lacking efficiency or patriotism and all that . When some foreign correspondents asked the Prime Minister, Mr. Narasimha Rao, "You are bringing so many radical measures, how can you fight with your bureaucracy?", he said, "They are my trained animals. Whatever we say, they will carry on.". Therefore,

It is clearly stated by the Prime Minister, i.e. that bureaucracy is not responsible for bringing the country to such level of bankruptcy. It is the political leadership of this country who brought this country to this stage. Therefore, it is clear that we should not blame the bureaucrats for that. It is because, they are your trained animal, which has been testified before the world body. Therefore, hereafter, I do not want to blame the bureaucracy. It is the political leadership, AICC and the Congress Party which have brought this country into the state of affairs.

AN HON. MEMBER: What about Mr. Rama Rao? He is also a politician.

SHRI K.P. RADDIAH YADAV: In 1983, A.P. State Road Transport Corporation was running loss at the rate of Rs. 90 crores per year. Their accumulated losses were Rs. 390 crores in 1983, when Mr. Rama Rao took charge. After two or three years, he wipe out all the losses. It started gaining Rs. 60 crores per year and even for Mandal headquarters and for big villages, he has laid the completes of bus, terminals in Andhra Pradesh. You must have the will, *desah bhakti* and patriotism. Then only, you can do something useful. (Interruptions)

I want to testify before the House that no other man is more patriotic than our hon. Finance Minister, Mr. Man Mohan Singh. I have told this is the House a number of time. But he is only caught hold of by the AICC. Whatever they say, he has to do. That is the only thing. (Interruptions)

SHRI MUKUL BASLKRISHNA WASHIK (Buldana): An honest man has chosen an honest party.

(Interruptions)

SHRIMATI BASAVA RAJESWARI (Ballary): I am on a point of order.

MR. CHAIRMAN: Shrimati Basava Rajeswari is on a point of order.

SHRIMATI BASAVA RAJESWARI: I am

on a point of order. Madam. He is referring to the bureaucracy and the says that they are purchasing old machines and that they are not looking after those machines. In one way, he is accusing the bureaucracy. Again he says that only political forces are responsible for industrial sickness. My point of order is why is he again and again mentioning about the AICC. In what way, it is concerned with AICC?

(Interruptions)

SHRI K.P. RADDIAH YADAV: If I have hurt your feelings, Madam, I am sorry. But it is you who have ruled the country for 44 years. (Interruptions). My submission is that, before making your regards, you must find out the root causes for continuous incurring of losses by public undertakings. I have given a Questionnaire to the hon. Prime Minister to bring out the answer before we finally sit for fullfledged meeting to discuss the PSUs issue.

I want to know one thing. IDPL and IFCI etc., and there a number of private industries which are incurring losses continuously and I know, I have gathered information, that a person who has taken Rs. 1 crore in one unit, he will set apart 25% of this, transfer in somebody's name and again he will say that he will make the unit sick and switch over to another unit and he will take another Rs. 100 crores there. How do you propose to stop such sort of malpractices in this country? In 1985 and 1987 this House debated about a progressive construction company. They have taken crores of rupees loan. They have opened 64 public limited companies and so far they have not paid even a single paise as tax. What are you doing? Under Dr. Manmohan Singh's own hand as a Reserve Bank Governor, he has initiated an enquiry and the second part of the enquiry report is in his cup-board. But he does not want to reveal it either to the House or to the public. How are you going to save the country from the World Bank and the multi-national when you do not want to set right your own administrative machinery? Therefore, you take out the list of the big 1,000 people or 2,000 people.

[Sh. K.P. Reddaiah Yadav]

I have already addressed letters to the hon. Prime Minister. I want the bio-data of the all these people, of all big bureaucrats, CMDs and political leaders who are ransacking the country.

In Andhra Pradesh, the Andhra Cement Company has closed down. The Unit has to pay Rs. 10 crores to the Excise Department of the Government of Andhra Pradesh. He belongs to a group of another big industries. If he has closed down here, he has got hundreds and thousands and crores of rupees elsewhere.

In Vuyyuru of my Constituency, the KCP Ltd. is looting some crores of rupees from the farmers. He has Rs. 30 crores to 50 crores kept as a reserve fund. But he wants to close down some other units at Madras saying that they are incurring losses. What are you going to do? You try to plug these loopholes. Ask them to take these Rs. 50 crores and spend there and run the unit at Madras in the interests of the poor masses of the country.

MR. CHAIRMAN: Please conclude.

SHRI K.P. REDDIAH YADAV: When Indiraji was the Prime Minister of this country and during emergency, we have exported one million tonnes of steel to foreign countries for three years continuously. The Emergency was there for a period of one year or one-and-a-half-years. But the effect of the Emergency spilled over to three years. But the effect of the Emergency spilled over to three years. That is how Shri Morarji Desai's Government got a good name. He got a good name not alone by his own efforts. Therefore, is the hon. Finance Minister prepared to declare at least an industrial Emergency, financial Emergency in this country though not political Emergency? It seems that the Minister is not prepared to do that. How are you proposing to close down the Public Sector Unit which are the nerves of development of this country? It was pandit Jawaharlal Nehru who visualised the role of

Industrial Sector and established the big industrial infrastructure in this country by the mixed economy pattern. Because of that, the public and Private sectors could take part in the industrial development. If one fails, the other will act so that the country will have a good base and the minimum guarantee of food and shelter to the masses was there. Therefore, a lot of administrative things are to be brought down. The hon. Finance Minister has got a will and capacity to do it. If only he takes three months and works correctly, all these loopholes can be plugged and these fallen can be booked. A lot of generation of black money into the proper channels will come to the open.

Lastly, I want to blame the trade unions also.

SHRI SOMNATH CHATTERJEE
(Bolpur): Why are you polluting your speech?
(Interruptions)

SHRI K.P. RADDIAH YADAV: We have to analyse things impartially. Keeping the interests of the nation, as petrots, we have to discuss this issue.

MR. CHAIRMAN: Please be brief.

SHRI K.P. RADDIAH YADAV: Please excuse me. So far, I had never seen any trade Union fighting against corruption in their units.

[Translation]

SHRI SOMNATH CHATTERJEE: What are you talking about? Perhaps you are not aware of factual position.

[English]

SHRI K.P. REDDIAH YADAV: They have never declared a war against the CMD or the Executive Directors and corrupt politicians. They only fight for their salaries, bonus this thing and that thing. That is another reason why these fellows are enjoying.

So, with these remarks, I thank the Chair for giving me this opportunity.

MR. CHAIRMAN: Thank you, very much. Since some of us have meeting in the Speaker's Chamber at 4.30 p.m., I must ask the leave of the House so that Shrimati Basava Rajeswari may come and take the Chair at 4.30 p.m. The next speaker is Shri Rajgopal Naidu Ramaswamy.

SHRI RAJGOPAL NAIDU RAMASAMY (Pariyakulam): Madam, I would like to say a few words, on behalf of the All India Anna Dravida Munnetra Kazhagar, in support of the Sick Companies (Amendment) Bill, 1991. The Bill seeks to include the Government companies in its purview.

16.23 hrs.

[SHRIMATI BASAVA RAJESWARI *In the Chair*]

This is a belated measure. After 44 years of Independence we have started to realise the harsh fact that huge public money invested in Government companies for public welfare is not only yielding returns but also trying to drag more and more public money to cover up the losses.

Madam, I hope more than 50 per cent of the Government companies are either in the red or in the process of relapsing into losses or looking economic viability. When the Bill has originally moved by Shri Vishwanath Pratap Singh, the then Finance Minister, he stated that when a company is worth is eroded by 50 per cent, the company would go to shareholders and when it is eroded by 100 per cent, it would go before the Board of Industrial and Financial Reconstruction. Now, the Government companies are also included in the Act, at what stage a sick Government company would go before the Board? I suggest that if a sick Government company's net worth is eroded by 25 per cent, it should be referred to the Board for structural adjustments including economy in labour engagement so that the Government company is doomed, all the labourers are not

thrown out of employment. If further erosion continues, a time period of 5 or 10 years must be considered for entirely putting the work-force of the company under the management of private entrepreneurs who are willing to invest and pull out the losses. During that period, the Government company management must be suspended. If during that period the company's position improves, the private management would take its due and quit. For rehabilitating the private entrepreneurs, industrial concessions should be given. If losses accrue, the liability should be borne by the private management. During the period of private management, at every half year, the performance has to be reviewed. Accordingly, the company laws should be amended. Therefore, this Bill is not enough. For streamlining public sector companies several other legislative measures are required.

Presently, the Act covers only private companies and public limited companies and nobody is punished for mismanaging the company. However, in respect of Government companies, the BIFR must point out who were responsible for the lapses that led to the sickness that led to the sickness and the administrative top brass must be squarely punished. One of the punishments is that they should be made ineligible for holding any position in any Government company or in Government for a period of ten years. Financial recoveries must also be made from the big wigs in the Government companies.

It may be appreciated that in the Government companies, there is a great disincentive for doing work among the workers. Unless they participate in management, they would not work keeping in mind the results they ought to show. Therefore, the Bill pending in Rajya Sabha must be passed during this session without any further delay. This would definitely steer clear a Government company from going in the wrong direction.

The top brass in the administration of the Government companies of the undertake foreign jaunts ostensibly to improve the

[Sh. Rajgopal Naidu Ramasamy]

performance of the companies. They return to India and convey to the technocrats engaged in production directly what should be done. Why not these utility tours by undertaken by those workers who directly matter in production so that they have the pleasure of acquiring knowledge and the pleasure of practising it for the progress of the company. Rules of the Government companies should be amended and such foreign trips should be reduced to the minimum which should be undertaken by those low or high in the company who are directly connected with production.

The Government while moving the Bill in 1986, promised that while winding up the sick units, they would rehabilitate the labour and for that the would come out with a package. We are yet to know about the details of the package. Unless you devise that, throwing several thousands of employees mostly workmen from the government companies while you wind up, it would result in growing unemployment and under employment. Therefore, a statute covering this package must be approved by Parliament and known to the public so that misapprehensions go. Many oppose the measure calling it anti-labour. Thus wrong nation must be removed and that can be removed only when the Government gives adequate publicity to the proposals for rehabilitating the labour.

Lastly, I must appeal to the Government to generously come forward with proposals to invest in Tamil Nadu under the dynamic leader *Puratchi Thalaivi* Jayajalitha. She has sought entrepreneur to invest in Tamil Nadu and the Government must provide special industrial concessions to those who are willing to invest in the State. NRIs should be guided to invest in Tamil Nadu and the State. Government would certainly provide them with all assistance. A special industrial rehabilitation grant of Rs.500 crores should be provided to the Tamil Nadu Government to tide over the losses made by certain State Public companies due to the management during the DMK rule. Three lakhs of compa-

nies have been closed down. At the same time, we have to analyse and take statistics about the status of the owners of those closed three lakhs of companies.

SHRI MURLI DEORA: Madam Chairman, when the Deputy Speaker, was requesting my Marxist friend have to complete his speech, something very phonetic came out from his mouth. The Deputy Speaker said that this is over, and I know that he did not mean that time is over for the speaker, the Member who was speaking at that time. What was really prophetic was that time is over for a concept which has been in vogue for several years, for several decades. I am talking about communism; I am talking about continuing Government Interference in the day-to-day life human beings. There was a time when for starting a small project in India - forget the Bakra Nangai and the Steel plant - there was no private industrialist who can come up with so much resources. There was a need for public sector there was a need for commanding heights of public sector and the role of public sector and the role of public sector in our lives. But today, the time has come when the small and big industrialists who were not so big at that time, they can come up now, they can face the international situation, they can face the international competition and there is nothing wrong if they are also given the Government at par with the public sector.

Shri Indrajeet Gupta gave an example of IDPL. I would like to draw your attention to this very ideal example of IDPL - the Indian Drugs and Pharmaceuticals Limited. This is how our company, our foreign investment policies and our FERA policies should be formed. He was saying that a drug manufactured by IDPL is not even sold by a chemist. He was sorry that a drug which was made by public sector unit is not available in the market. Do you think that the chemist's shop is not interested in making profit? He would have no grudge against the management of IDPL. I will tell you as to why he is not doing so. It is because the drugs are substandard, the packaging are faulty and the delivery is never in time. That is why IDPL losing got

out of the competition of the market. (*Inter-ruptions*)

SHRI INDRAJEET GUPTA: The particular medicine I mentioned at that time is for the treatment of ulcer. It is called Certificate. It is made by the several companies. Gemetidine manufactured by IDPL is manifestly the best out of all of them. But I could not find it in any shop because they do not stock it and because they do not get something extra

SHRI MURLI DEORA: You are not saying anything now. You are repeating what you have said.

When the drug of the Singer Pharmaceuticals Company is sold, it has a creditability. What I am trying to say is that this is where our Industrial Policy matters.

They are buying the known-how for some anti-biotic from a Russian company. That Russian company was getting the known-how from an American company. It was not developed by them. The same company was eager to manufacture, the drug in India. The Pfizer India Ltd. in Calcutta and Bombay wanted to produce that anti-biotic medicine in India. But they were not allowed to manufacture it here with a direct know-how from the US inventing company through their Indian Co. the Pfizer India Ltd. But what happened? The IDPL got the licence with the know-how from the Russian company which was borrowing the technology from the American company and something the technology from the American economy and something went wrong between the two. The Russian and the American Pfizer company that IDPL had to suffer. IDPL could not get the technology which was very badly needed by them. They had the licence, but it took India six years and what happened during these six years is that we continued to import the medicine from the same American company because this was a life saving drug.

I am trying to talk about the industrial policy. You are blaming the multi-nationals, foreign companies, IMF and world Bank for

everything. I don't know why are you suffering so much from these names. If I quote Singapore, South Korea, Hong Kong, you will say that they are very small countries. Is our country so small and so fragile that IMF and World Bank loans destabilise us? Can they destabilise us?

DR. ASIM BALA (Nabadwin): Tetracyclin is originally produced in China. China is supplying that to Germany and we in India the IDPL management - are procuring tetracyclin from Germany at a higher price.

SHRI MURLI DEORA: I am talking that the industrial policy of allowing the technology to be imported can only help us; it cannot harm us. They cannot take away anything from our country; our country is too strong for that. If you want the details of the project, I can give them.

MR. CHAIRMAN: The hon. Member may please address the chair.

SHRI MURLI DEORA: Madam Chairperson, ever since the new industrial policy and the new economic policy were announced, they had given a filling to the new industrial culture. More and more people are coming to put up industries. This is where I complaint Shri Indrajit Gupta and other leftist friends; there is some sort of an apprehension that by allowing the industrial companies to come here, by allowing the multi-nationals to come here, by liberalising the economy here, whether we are leading towards an exit policy. I said in my budget speech also that no popular government so elected will dare - and rightly so - to have anything of an exit policy which is being advocated all over the country that we are reading in the newspapers. Not one person, either Shri P.V. Narasimha Rao or Dr. Manmohan Singh had ever said that they will follow this exit policy. You are just imagining a ghost which does not exist. The Government has time and again said that there is a commitment that nobody will be retrenched. The Government has said that we will be looking after the interest of the workers, the Government has also said that we will not

[Sh. Murlideora]

close down the public sector undertakings. Whatever loss they are making, they are trying to redeploy them. Why should you not believe the Government's word on this? Is there one case where the Government has given a statement which is not implemented? I am trying to say that this Government committed to see that the interest of the workers in public sector undertakings or private sector undertakings both will be looked after.

Shri Indrajit Gupta while talking about the SICA asked as to why the public sector was not there in BIFR. What is the record of BIFR? Out of the 1080 cases referred till now they are getting reference from the private sector only - to them, 347 cases were sent with a rehabilitation package and 147 cases were recommended for winding up. Only four cases are complete. I myself, am criticising the working of the BIFR. I said it in the House earlier. There is something radically wrong with the working of BIFR today. I support this. But the Finance Minister has made a statement several times that he will be coming back again; there is a need for massive restructuring, reframing the very BIFR. Shri Somnath Chatterjee, yesterday you were taking a copy and I want to tell you what it is, you are a lawyer.

There is section 19 (2) in the present SICA Act. which says,

"A Unit can only start rehabilitating provide there is a consent of the promoter as well as the financial institution."

That is what is coming in the way of rehabilitating and restructuring the units which have been referred to the BIFR. For months the consent and Contribution of promoter are not received. We should welcome the inclusion of the public sector units the BIFR or the FIC and the new units. In case of the public sector units, who is the promoter? The promoter is the Government itself. Since the Government is committed to help the public sector units, to revive the public sector units

and keep it going, the Government come out of it and this will not delay.

The real problem of working of the BIFR was this that the promoters were begging for consent. They were delaying the consent. You ask anyone the trade union or the promoter, in this case, by amending this Act, it will further help the public sector undertakings rather than harm the public sector undertakings. You rightly asked as to what was the purpose now? In 1985, when this Bill was introduced, why were the public sector undertakings not included? Now they are including because the Government has realised that there is a need, massive need to reframe and improve the working of BIFR. I agree with you, there is a need to reframe them. I am very sure that the Finance Minister himself - when, he replies to it today, before he passes this Bill - will give a commitment that the purpose of referring the public sector undertakings to BIFR will help the public sector undertakings, rather than harm them, rather than bring at a lower edge with the private sector.

SHRI INDRAJIT GUPTA: Then, there is what I am saying, what has gone wrong with the present BIFR? There was a need for consent of the promoter. In the case of public sector undertakings, the promoter is the Government itself. So, that problem will not be there.

SHRI CHITA BASU: Will the Government consider the revival programme offered by the BIFR.

SHRI MURLI DEORA: The Prime Minister and the Finance Minister have said again and again that there is a provision in the Budget - which was just presented any you have a copy - for National Renewal Fund. An amount of Rs. 200 crores has already been earmarked for that, in this Budget. The world Bank is offering 500 million dollar, which is about 1100 crores of rupees or 1200 crores of rupees. He is going to get Rs. 2500 crores, by diluting 20 per cent of the profit making PSUs. But, a part of this

account of Rs.2500 crores should also be used for the National Renewal Fund.

SHRI SOMNATH CHATTERJEE: Do you belong to EICCI? You seem to know everything.

SHRI MURLI DEORA: No, I am not belonging to EICCI. I am just supporting your cause. But, these are the figures that are available these are the articles, So, Shri Somnath Chatterjee, you can come and see.

SHRI SOMNATH CHATTERJEE: Then, why do you not request the Finance Minister - you seem to know what is working in his mind - to delete section 20 and make it - applicable so far as the public sector units are concerned? Section 20 of the Act should be made non-applicable to the public sector units.

SHRI MURLI DEORA: It is every good suggestion ; he can consider it. I am sure the Finance Minister knows it when he is referring it to the BIFR. He knows the experience the Government has undergone in the working of BIFR. As far as the working of the private sector companies are concerned, the Government had experienced the working of BIFR and I am sure they will not repeat the same. As far as the working of the public sector undertakings are concerned, I agree with your suggestions, there is nothing wrong in that. A time will come when the National Renewal Fund will need massive funds. I do not want to tell you. How many public sector undertakings are today employing 23 lakh employees, is a matter of a details, which are there.

But what is really needed is the Government's commitment. No Government - I repeat the words again - no Government can support the exit policy which is being talked in the business and industrial circles. I would only quote a few lines from an article written by an economist, Shri Swaminathan S. Ankdesaria Aiyer, in *The Sunday Times of* 24th October, 1991:

:"In fact, the new policy aims not at exit

but at redeployment. It aims to transfer man, machines and land from low-productivity units that have gone bust to high-productivity ones that will flourish, and in due course enable the payment of higher wages even while providing the consumer with better goods."

SHRI INDRAJIT GUPTA: Is there any such planning in our country?

SHRI MURLI DEORA: This is what he says. You are just doubting. You have wrong apprehensions Mr. Gupta. You are just seeing a ghost in everything you see - IMF and the World Bank. (*Interruptions*)

SHRI INDRAJIT GUPTA: Nothing is told to us. (*Interruptions*)

SHRI MURLI DEORA: I can read the records of the Parliament where the Finance Minister last week has said in the Rajya Sabha that they will protect the public sector undertakings' employment. They will see that not a single man is out of job. What more do you want from them? What more commitment do you want from them? You are reading and are just closing your eyes.

AN HOH. MEMBER: And ears also. (*Interruptions*)

SHRI SOMNATH CHATTERJEE: Mr. Finance Minister, he is spoiling your case.

SHRI MURLI DEORA: Do not worry about that. I do not need any recommendation. (*Interruptions*)

SHRI SOMNATH CHATTERJEE: You protect yourself from such friends.

MR. CHAIRMAN: Please conclude.

SHRI MURLI DEORA: I would like to offer two or three suggestions and then conclude.

MR. CHAIRMAN: You have taken a lot of time. Please try to conclude.

SHRI MURLI DEORA: He is very friendly. There is no problem. (*Interruptions*) They understand how hollow they are. When this National Renewal Fund is established, would like to suggest some facility. There is a need for retraining people. I want to give you one example of Bombay. We had 47,000 textile mill workers out of job for four or five years-Whatever may be the reason. (*Interruptions*) Today, the textile mills are doing very well. Some of the textile mill workers have been retrained. What are they doing? They are working as diamond-cutters or in garment manufacturing units. Some of them are still out of job. What I am trying to say is that under the aegis of the National Renewal Fund, there should be a sort of a training institute which can train these workers in case they go out of the job. That may, they are able to get an alternative job.

You are talking about the Western countries. somebody said just now about American and UK. They have unemployment allowances, what they call the welfare doles. And no Western country allows their workers suffer without job. I do not see any reason why the Government of India should also have such programmes which will help these jobless people.

SHRI INDRAJIT GUPTA: You are finishing off the Finance Minister.

SHRI MURLI DEORA: No, you do not worry. Thank God, you are not praising him; I am glad. I know whenever you people have praised, you know what has happened to the Finance Minister or any Ministry. You know very well, Mr. Indrajit Gupta. So, don't tell me all this.

The real problem of our country is unemployment. The new economic policy is needed if it is given a chance, if the proper climate is created and if you people do not create the strike like you are doing for one day. Even the Government in power itself is sending circulars to the Home Ministry to close their unit. I do not know what respon-

sible Government you are running. I do not understand it. (*Interruptions*).

SHRI SOMNATH CHATTERJEE: I am on appoint of order. (*Interruptions*)

MR. CHAIRMAN: Please resume your seat. Mr. Somnath Chatterjee has a point of order.

SHRI SOMNATH CHATTERJEE: Madam Chairperson, the Hon. Member just now referred to a circular which was referred to by Dr. Debi Prasad Pal yesterday. Now that document clearly shows that no such instruction was given. If the Hon. Member, knowingly or unknowingly, go on misleading the House, I think, that is no affront to the House. And no member can continue to do that. This is my point of order, Madam. Therefore, Mr. Deora should not go by hearsay. (*Interruptions*)

DR. DEBI PROSAD PAL: It was signed by the Home Secretary and it has been tabled.

SHRI SOMNATH CHATTERJEE: No. It has not been tabled. (*Interruptions*)

DR. DEBI PROSAD PAL: Yes. It has been tabled.

SHRI SOMNATH CHATTERJEE: Then read it. Madam, the House is deliberately being misled.

MR. CHAIRMAN: (Shrimati Basava Rajeswari): Mr. Somnath Chatterjee, Please resume your seat. I have heard.

SHRI MURLI DEORA: I heard in the House yesterday. (*Intruptions*)

SHRI TARIT BARAN TOPDAR: If so, you read our that circular. (*Interruptions*)

MR CHAIRMAN: When he is not yielding, please do not disturb him. Only when he yields, you can put the question. Please resume your seat. Mr. Deora, please continue and try to conclude.

(Interruptions)

SHRI SOMNATH CHATTERJEE : He is going on making unnecessary comments.

SHRI MURLI DEORA: OK. I do not know.

Madam Chairperson, I want to suggest that in developed countries and Western countries, employment in agricultural sector has reduce considerable. There was a time there also when two-thirds of manpower was employed in agriculture. What is happening in our country? Now in America or in Western Europe, only seven or eight per cent is the total employment. In agricultural sector. Where does the bulk of employment come from? it comes from the service sector like the carpenter, the mason, the tailor, the electrician and the plumber. If the Government gives more and more incentive with minimum investment in housing, then you can generate maximum employment, both unskilled and skilled people. There are figures which the Finance Minister knows. I would request the Finance Minister to decentralise that part of our sector also.

Today, we are talking about privatisation. Even if I want to start a private bus from my house to Parliament, Mr. Somnath Chatterjee, I need permit and you are talking about privatizing Air India and Indian Airlines, 20 per cent dilution of shares and all that. This is the state of economy. This is the role of the Government in our lives today in Indian and you are saying that we are sold out to IMF and World Bank people have come and so on (Interruptions)

SHRI SOMNATH CHATTERJEE: He has lunch with IMF and dinner with the World Bank. (Interruptions)

SHRI MURLI DEORA: Madam Chairperson, I would request the Finance Minister, through you, to give a serious thought to this idea that we must give more encouragement, specially to those who can con-

struct more and more houses. And the first point will be - I repeat it again-and which Mr. Somnath Chatterjee will appropriate is that the present ULC Act, that is, the Urban Land Ceiling Act, should be amended or scrapped. It was passed in 1976. Not even half per cent of land target has been achieved in Bombay, Calcutta, Delhi and Madras and there is so much need for urban housing, small and medium houses.

The last point to which I would like to draw the attention of the Finance Minister is regarding another point an employment. The Government must give some tax incentive to those who own their own houses. There are incentive under Section 80 HHC. But if a boost will be given to housing construction activities by giving more incentives, then there will be more employment. also.

With these words, I conclude.

[Translation]

SHRIMATI SUMITRA MAHAJAN (Indore): Sir, I support this Bill which has been introduced for the take-over of sick public sector units the BIFR. This is a welcome decision and a step in the right direction though be lated. There is still some doubt over the successful implementation of this proposal. Before anything else, we must look back at the objectives behind setting up public sector units which was to raise basic infrastructure and to provide employment opportunities and expand the ancillary industries. As profit maximisation is the sole objective of the private sector, the public sector was set up with no profit no loss' as the basis. This was the spirit behind setting up public sector. Pt. Nehru rightly said that 'Profit is a dirty word'. This is what led to the beginning of the public sector. But we must remember that while profit may be a dirty word, loss is also not acceptable. Let us first go into the reasons why public sector units get sick. Without that we cannot hope to successfully implement this Bill. The bureaucracy which runs the public

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enterprises has no personal stake in the performance of the units. They are not going to lose anything. Moreover, there must be a chain responsibility which is not there. They believe in 'passing the buck'. The hon. Minister stated that the public sector includes some units which were earlier in the private sector and were converted to public sector status under the policy of nationalisation. The ruling party has been in power for the last 40-42 years and it should do some introspection regarding the sickness of public sector units. Does the fault not lie with the 'Government's policy or with the implementation of the policy? Various aspects must be looked into. Bringing the B.I.F.R. into the picture will not help. I have read in the newspaper that the Chairman of the Board has said that suggestions have been given for the past three years by none has been implemented. Only committees are appointed. A time-bound programme must be chalked out to pull the sick units out of the red. If a time of 5 years has been set it won't help, valuation should be done every 2 years.

17.00 hrs.

Only then can sick units to which we have given financial assistance recover.

Another this is that after giving a loan the IFCI does not care to keep tabs on the performance of the unit and whether the loan is being properly utilised for not and whether it actually needed loan or not and how much machinery it has need how much it has its own capital. Just 25-30 documents are signed. All this is done in a methodical manner but when it comes to recovery of the loan, things are not done properly. I would like to cite an instance in my constituency where a person got a loan of Rs. 2.5 crores. 15 days before the stipulated date the IFCI decided to conduct an auction. When they want there they were expecting to see a large-scale industry in operation

but what they saw was a tin shed with 3-4 sewing machines.

Thirdly, responsibility should be fixed. Today, the hon. Minister says that all these irregularities took place during the two year of the Janata Dal. It was a mistake on the part of the people to vote them to power. This is now the Government is trying to evade the issue. So there must be some accountability. In the private sector, we can hold directors responsible, Responsibility is fixed from individual to individual. Similarly, in Public Sector we should fix the responsibility and identify the person who took the wrong decision.

Fourthly, even after the public sector units are declared sick, their establishment expenditure issue continue to be incurred as usual. If the Chairman of the unit has been provided an air-conditioned car, that car is kept in use even after the unit is declared sick. We don't look at such things. We have never considered ways to cut down on such expenditures. Is this the reason why those units get sick? There was no production in the Visakhapatnam Steel Plant for the first ten years after its inception. If I am not wrong, even the Haldia Fertilizers Plant is not producing anything right now. Yet establishment charges continue to be incurred and regular promotions are being given to employees. Merely bringing such a Bill will not solve the problem.

Another point I want to raise is regarding the problems faced by N.T.C. mills in my constituency. That only these mills suffer losses is a point worth looking into. As far as I know, if there is an incident of fire in my constituency it always involves an N.T.C. mill. Why does this happen and who is responsible for it? Even today establishment charges are being incurred on a four tire system. The management of the mills, management of the State Government and then the Ministries come into the picture. So I would say that this Bill will not so, we matters. It is futile to shift from one sector to another, if one sector fails to deliver the goods.

Madam, the present ruling party has been in power for the last 40-42 years expecting for 2-3 years when the Janata Party/Janata Dal was in power. We should not say that all this happened during that short period and absolute ourselves of mistakes committed by us. We cannot always give this excuse as democracy in our country has come of age. If we bring such Bills we can neither improve our economy nor turn around sick units. If we go to the root of the problem and take my 4-5 suggestions into consideration we can find a solution.

Madam, after 43 years of faulty policy, if the Government is finally taking a step in the right direction then we support this Bill.

[English]

SHRI CHITTA BASU (Barasat): Madam Chairperson., I rise to oppose the Bill both on grounds of principle and also on grounds of practicability. I concede that the Bill in the present shape look like an innocent, innocuous Bill. Because, it simply wants that in the present Act, the Government offices are also to be included. But, there are wide ramifications of these amendments. There are very disastrous consequences that are likely to follow from these amended Acts. On these two grounds I build up my case.

Sir, only a few days ago, the hon. Labour Minister of our country has given us a profile of the public sector undertakings. I quote from his statement wherein it is stated that "the total number of units as on March 31st, 1990 was 244. The total investment was, as on that date was Rs.99,03,015 crores .

It is about rupees one lakh crore in all these 131 units covering 85 per cent of the capital investment earned and accumulated profit of Rs.5441 crores. The loss making units are 98. The amount of losses comes to Rs.1959 crores. Of these 98 units, 50 units are chronically loss making units. From this, let us understand by these 98 units and particularly 58 units have become chronically

sick. Can we measure it simply because of the profit and loss account? If profit and loss account is the only criterion to determine the efficiency of a unit and if that also in the case of public sector. I think we shall be debasing the very fundamental principle lies behind the conception of the public sector. Public sector unit up, sought to be built up in order to earn self-sufficiency, in order to resist the pressure from foreign countries in our way to strengthen our economic independence. It was not merely a question of how much money had been invested and what amount of money had been received in return it had not been estimated in terms of revenue earning or in terms of profit and loss. The basic philosophy of public sector is to strengthen the economic independence of the country and also to ensure the progress and accelerate the pace of industrial development independent of interference from outside, independent of interference from other interested countries hostile to us. I not using a very strong word also because he does not like it.

There is a question of social utility and social purpose. Therefore, the social utility and social purpose should be one of the criteria of determining the position of a public sector unit. The Labour Ministry has come to the conclusion that 98 undertakings are sick; out of that 50 are chronically sick. Whether the Ministry of Finance, particularly the public sector enterprises or some machinery of that nature has undertaken an analysis as to what are the reasons for taking into account the social utility and social purpose for which these public sector undertakings - 98 were set up. Unless that is made clear, unless that status is known, it is very difficult to understand the Government's position, particularly the position taken by the Labour Minister of our country and pursuant to that the position taken by the Finance Minister with regard to this amending Bill.

The only penance to the Government appears to be, particularly the hon. Finance Minister is to refer the matter to BIFR. Now, let us also analyse the performances of the

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BIFR. As far as I remember, more than 1000 cases were referred to the BIFR; it could finally dispose of 474 cases. Out of 474 units, the BIFR have recommended for winding up of 136 units; they recommended for the closure. The revival programme has approved for 338 cases. In this case, I want to refer to the actual state of affairs in West Bengal.

A large number of factories both public and private are sick in the State. For what reason, this is not the occasion to discuss. But let us also understand what has been the performance of the BIFR with regard to the cases referred to from West Bengal to it.

Madam, my information is that the cases of about 46 units have been lying with the BIFR since 1987. They have been able to give their final views in respect of two units, and unfortunately that judgment was far winding up. That judgement was also for closure. If that has been the performance of the BIFR, then, I think the penance that the hon. Finance Minister wants to prescribe is to close down in terms with his statement made outside the country. This is the actual intention. The actual intention is to close down the sick units. But they are asking umbrage under the BIFR. They want to show that the Government is willing to protect the interests of the workers, that the Government is very much concerned about the workers. And my friend Shri Deora was also issuing a warning that if the Government does not look after the interests of the workers, it cannot remain in power. Therefore, the Government must take up the interests of the workers and protect them. Only to hoodwink the people, only to throw sand in the eyes of the workers they have contrived this measure of BIFR. Again I repeat, my change that this is a *mala fide* intention..

I can understand the so many examples are cited about the Soviet Union and the Western countries. I know that they have decided to revise the entire economic policy. They have decided to bring back capitalism, to upright the public sector. They have

decided to unroot the socialist economy as they understand it. But what are you saying? You have built up the capitalist economy giving assurance to the country that the public sector will be an instrument for countervailing the capitalist growth and will have commanding heights. You are not even feeling ashamed of striking at the rest of that very policy which according to you was espoused by pandit Jawaharlal Nehru or the Congress Party as a whole.

I am very much surprised to find that some BIFR Members now feels that it is a very good thing, that it is a very right thing because the Government is going away from Nehruvian policies and the Government is going further away from the public sector concept. There has been some kind of unity of approach, there has been some kind of communality of ideas. And that is very much reflected in this House and this will not limit only to the case of this amending Bill but also the total ground of the economic policy that the Government want to follow and the BJP wants to be pursued.

Therefore, in the basic policy we want to oppose it and we oppose it teeth and nail.

Now I am coming to that very final question, that is, did the Government ever enquire about the 138 closed units which have been cleared, which have been wound up, under the advice and judgement of the BIFR? Did you ever think about the workers? Did you ever know what to rate of the workers there is? They were also closed under the judgement of the BIFR. Do you want this to be repeated in the case of public sector undertakings?

Then, this BIFR suggested for a revival of 338 units. I do not know whether you have got the figure. I have got the figure . . .
(Interruptions)

SHRI INDRAJIT GUPTA: Have they been revived?

SHRI CHITTA BASU: That is what I am going to ask him.

How many of these 338 units, for whom the revival programme was decided by the BIFR, have been revived? That is the present status of these 338 units? Unless these things are cleared to us, how can I say that the BIFR would be a penance for the public sector undertakings and the assurance of the Government for protecting the interests of the workers will carry conviction. It cannot carry conviction.

Now, a reference has been made about safety net. Last time also I mentioned about this. That is the contemplation of the Government to have a National Renewal Fund? What is its size? What is its manner of performance? What would be its norms? All these things are unknown to us. All these things are a mere imagination.

Many things are mentioned in the speech of the Finance Minister. But that does not mean that all the announcements made in the Finance Minister's statement in the House are implemented or given effect to. It was referred to in his Budget speech. What progress has been made in regard to the National Renewal Fund, which can provide a safety net for the workers? So far as I know, sheer announcement was made that there will be Rs.250 crores. And 50 crores dollars, I think, have so far been contributed by the World Bank towards this safety net or the National Renewal Fund? What would be the size? What would be the other details the nitty-gritty, of the fund? Has he taken into account that 91 public sector undertakings had been closed - considering for the time being - because of the judgement of this nature given by the BIFR? About 8.12 lakhs of workers are involved. Has he ever understood analysed as to how many of these will be retrenched, will be thrown out of employment how many of them can be provided alternative jobs; how many of them would need re-training what amount of money is to be provided for their revival? (*Interruptions*)

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): This is precisely for that purpose . . . (*Interruptions*)

SHRI CHITTA BASU: You explain it. Take the House into confidence. Take the nation into confidence. Take the working class into confidence. If that is so, what is the hurry for this? Now the Labour Minister has assured that there will be Tripartite Committee and that Tripartite Committee will lay down the basis. I think and I hop that the Tripartite Committee will take into account all the points that I am raising here. Let the Tripartite Committee come to a conclusion about the National Renewal Fund, about the re-training programme, about the revival programme, etc.

Madam, what is the hurry? What is the objection from the Government if this Bill is deferred till the Tripartite Committee comes to a conclusion, consent of the labour is also made available, and national consensus is developed in our country?

If that is not done, it is impossible to support this Bill.

The World Bank and the International Monetary Fund want to protect the rights of the employer. What are the rights of the employer that they want to protect? They want that as employers they have got the right to employ, they have also the right to dismiss employers, they have got the right to close down a unit if it is not making profit. This is, according to the World Bank and IMF theoreticians, the basic right of an employer. A country like India which is poor, which used more employment, which needs a regulated economy, which needs a planned economy, which needs a planned development, cannot accept this right, inviolable right, of the employer. There is a need for the restriction of the employer's right

Many of the members sitting on this bench generally are downgrading the public sector by saying that it cannot earn profit, it is a losing concern and it should be jettisoned. I want to give a small figure in order to show that the public sector has also contributed towards the revenue of this country. Total investment was Rs. 99,315 crores. Internal resources so far mobilised till 1990

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by the public sector. Rs. 57,420 crores. Income of the Government from Customs duty, excise duty, corporate tax, divided, income-tax, etc is Rs. 1,13,135 crores. Added together, overall revenue resources have been mobilised to the extent of Rs. 1,70,575 crores till 1990, investment was about a lakh of crores of rupees. About Rs. 75,000 crores has been the net profit earned by the public sector in our country. You want to denigrate that; you want to destroy that. That would be at the peril of the country. I have and pray that Members sitting on the Congress benches will rise equal to the occasion and see that this disastrous path is not pursued by their own Government which is there not on their own strength and on their own volition. Remember, you are a minority Government. Remember, you have yet to attain a stage of political stability. Working class of this country will not forgive you if you work against the interest of the workers like this.

SHRI K.P. SINGH DEO (Dhenkanal):
For the last two days I have been hearing and listening very patiently to the most eloquent speeches from both sides of the House and specially from the opposition. One thing is clear from the eloquent speeches from both sides these workers supporting the Bill and those who are supporting the Bill and those who are opposed to the Bill - that everyone wants the public sector to be effective and the public sector to succeed. I think, the hon. Finance Minister seek to do just that. Therefore, I rise to support this Bill specially the amendment which is an enabling clause.

What are the objects and reasons of the enabling clause?

It says,

"It has now become necessary - after four decades he feels it is necessary - to apply the provisions of the said Act to the industrial companies in the public sector so that the cases of such sick industrial companies can be referred to

the Board for Industrial and Financial Reconstruction for the formulation of revival or rehabilitation schemes or winding, as the Board may consider necessary".

And what is this BIFR? It is a creature of the original policy. It is a creature of the sick Industrial Companies (Special provisions) Act set up in May, 1987 and it became operational, what are the objectives of BIFR? The objectives are either to revive and rehabilitate potentially viable sick industrial companies quickly as possible and salvage the productive aspect or realise amount due to bank and financial institutions to the extent possible from the non-viable sick industrial companies through their liquidity. What are the criteria? Firstly, the company is more than seven years old, secondly, its net worth is negative and thirdly it has incurred cash losses during the preceding two years.

I share the apprehension or the misapprehension of my senior friend, the most eloquent Shri Indrajit Gupta. What is the complexion, what is the composition, what is the capability and what is the role of the BIFR? Here, if I may quote, there is an old saying that the war is too serious to be left to Generals alone. Therefore, apprehension in the minds of many of the hon. members that the BIFR is only a collation of old retired accountants must be dispelled by the hon. Finance Minister because these public sector undertakings which have been there in our country for the last four decades were set up with certain socio-economic, socio-political and other objectives to bring in national self-reliance and self-sufficiency in our country so that we may achieve independence in our economic thinking in our economic policy and an independent sovereign policy and economic policy and an independent sovereign policy for our dear country. Therefore, the hon. Finance Minister, I would like to submit, through you, must dispel our doubts as to the effect of the BIFR and the people who man them because we had such similar doubts, when the Forest Conservation Act was passed in this August

House. The Forest Conservation Act envisages six Forest Officers to sit on judgement whether certain power projects should be come up, certain industry should come up, certain road should come or not. They have the authority without any responsibility. so, we would like to know whether the BIFR is an Advisory Body, Recommendatory Body or Mandatory Body - what sort of a Body it is and how effective its recommendations are to the Government or to the Ministry of Finance? Now, I must congratulate the hon. Finance Minister for bringing forward this legislation for two reasons. Firstly, I find in my own State of Orissa in the absence of such a legislation four public sector sugar plants - which were set up in 1982-83, have been sold away to private sector because no such mechanism exists for revamping, rehabilitating, refurbishing or taking a critical look into the functioning of these plants. so, is the case of a thousand crore charge-chromo plant which has been sold off to the private sector. Along with this like a person gives dowry - the entire mining rights of chromisore which is a banned item by the Central Government - are being sought to be given away to multi-national giant of India. I do not know whether the Central Government would like to shut its eyes or will take some preventive steps. Therefore, I congratulate him for bringing this mechanism of BIFR so that such things of selling off of public sector projects which as my hon. friend. Shri Jaswant Singh said - is public money. It is the nation's money. It is neither Dr. Manmohan Singh's money nor Mr. P.V. Narasimha Rao's money and we, as trustees are accountable to the nation through Parliament and, I am sure the public sector undertakings also owe their accountability either to the State Legislatures or to the Parliament, as this is the supreme Legislative body. The supreme will of the people is expressed through us here and so, we are accountable so the people.

The second reason why I congratulate the Finance Minister for bringing this legislation is that he has only tried to give effect to the pledge given by our late leader Shri Rajiv Gandhi to the nation in the congress Manifesto of 1991, and I quote;

"The public sector is crucial to the growth of the Indian economy, industry and employment. However, over a period of time, some public sector companies have become lethargic, inefficient and expensive. This situation needs to be set right. The public sector should continue to innovate and improve and lead in strategic areas of national importance. The public sector has resources for and should therefore, take up exploring new frontiers, areas which require substantial investment. For this systematic and pioneering advance into new areas, it would be desirable for the public sector to shed some less crucial areas or responsibility. The Congress will oversee the gradual withdrawal of the public sector from areas where the private and joint sectors have developed capability. To grow, the public sector will need: (1) autonomy (2) flexibility; (3) vision; (4) visibility (5) accountability; (6) leadership; (7) innovation; (8) entrepreneurship; (9) global outlook; and (10) competitive environment. It also requires less government interference, strong and professionally competent Board to take bold decisions, ability to attract the best management talent, and strategic long-term plans to meet national objective."

Therefore, Madam, I would like to know whether the legislation envisages the BIFR to be able to give advice on these aspects which have been incorporated in our pledge to the nation.

I would like to bring two more points before I conclude. One is that here is an instance of a public sector undertaking which was started in 1970 and that is the coal-based fertilisers plant at Talchar, in Orissa. This is the first coal-based fertiliser plant of its kind in Asia. And what are the problems it had? One was that over the last twenty years, due to foreign exchange problem, several equipment were purchased from the East-European countries on rupee payment, from where credit terms were available. This

[Sh. K.P. Singh Deo]

resulted in mismatch of the project. and the poor quality of the equipment supplied. Second was basis designed efficiency. Equipment in balances, problems of stable power supply, poor quality of coal, frequent start off and shutdown resulted in huge production loss. Apart from these are the technological upgradation, modernisation and other problems which were never allowed, financial support which foreign exchange never allowed, and today that public sector is being threatened. As Mr. Indrajit Gupta said, the workers are panic-stricken that the Talchar coal-based fertiliser plant may be closed down. Now the same plant has appealed to the BIFR. I do not know whether the BIFR has the expertise to go into all these aspects.

I would like to conclude by quoting only portion of some figures which my hon. friend Mr. Chitta Basu has quoted, and this is regarding the Status paper on public sector enterprises. These I quote from Indian Express, which is not pro-Government but which is anti-Government, and this is the record of the public sector undertakings for which we are all agitated.

It is not the fault of the public sector undertakings neither of the labour the workers. But the malady lies elsewhere. I would not like to cross sword with my hon. friend from Andhra Pradesh who squarely lay the blame on the feet of A.I.C.C. and Shri Narasimha Rao. Of course, they may be having their own intro-state party squabbles.

But this paper - which is not a pro-Government has something else to say. I quote :

"The public sector is more sinned against than singing. Of the 244 central public enterprises with a total investment of Rs. 99,315 crores, only 98 units are poor in performance. Though large in number, they account for only 14.5 per cent of the capital employed.

These 98 enterprises are inefficient in more than one sense. All of them have shown negative profits in 1989-90. They have a total accumulated loss of Rs. 10,000 crores accounting for 78 per cent of the accumulated losses in all public sector enterprises.

Of these 98 units, 15 are monopolies and 83 operate in competitive markets. Of these 83 units, 46 units are taken over sick enterprises from the private sector. The employment in the taken over enterprises was 3.13 lakh in 1989-90 as against 3,90 lakh in all the 83 loss-making competitive enterprises. The capital employed in the taken over enterprises is Rs. 1,792.24 crores whereas the total capital employed in all the loss-making enterprises was Rs. 2,357.40 crores. Thus the taken over units account for a little over 80 per cent of the employment and about 76 per cent of the employment in the 83 loss-making enterprises.

The taken over enterprises represent mainly those units which were rendered sick earlier by the private sector and they were taken over by the government mainly to protect employment."

MR CHAIRMAN: Shri Singh Deo, you can refer to it but not read fully.

SHRI K.P. SINGH DEO: I require your indulgence.

MR. CHAIRMAN: Why are you going on reading?

SHRI K.P. SINGH DEO: Madam, this is something very important because I want to show how the hon. Finance Minister protected the workers and how he found a way to make sick enterprises into productive enterprises.

MR. CHAIRMAN: I request you to conclude.

SHRI K.P. SINGH DEO: Yes, Madam.

I was quoting :

"The status paper says the annual loss per employee of the taken over enterprises worked out to Rs. 15,494 in 1989-90 while the capital employed per employees in these enterprises was of the order of Rs.57,315"

Therefore, the Government of India and the Ministry of Finance have protected the workers and I would like a categorical assurance that the hon. Finance Minister may take this House, the entire working class of the country into confidence, that the safety nets the national renewal fund will look after the problems of the workers. if and when B.I.F.R. does take the harsh decision of closing down certain public sector undertakings because the nation cannot keep on paying Rs. 1,000 crores into an empty well for all times to come. We require that Rs. 1,000 crores for production enterprises, for generating employment which is again late Shri Rajiv Gandhi's pledge to the nation that in five years' time five million people will be given assured jobs.

[Translation]

SHRIMATI GIRIJA DEVI (Maharaj Ganj): Hon. Chairperson, I oppose this Bill. I think the entire House is mentally against this Bill. The attendance is very thin on the other side also. Very few people have spoken in favour of this Bill. Some time back the Congress Government was a supporter of the public sector. So why is the same Government thinking of its closure? The public does not have an answer to this nor do we. Only the Government has the answer... (Interruptions)...

This is also against the principles of the Congress. It seems that by declaring public sector units unprofitable and sick the Government is making them "Charvakian" How have those sectors become sick? If anything has been done with a noble intention then we can find out the reasons that create problems. Problems can be solved only with resoluteness. Such resolute steps will help

sick units to recover. At present all public sector units are not sick. But I think there is a conspiracy to transfer all the power to one set of people.

Madam, there has been a lot of praise for the private sector from the ruling party. It is being said that such and such person will make that sector profitable. This gives rise to speculation that public sector units are deliberately being made sick on open pretext of the other. This type of thing can spread like a disease and even affect the profit making units. when this happens we shall move over to a situation of anarchy.

Madam, the only thing we lack is 'resoluteness'. There is fear of putting many people out of jobs contrary to the objective of creating employment opportunities. The Government is resorting to absurd logic. This is an escapist attitude to avoid dealing with the present situation. Rather than closing down the sick units, the right thing to do is to take steps for their recovery.

Madam please look at the public sector in totality rather than on an individual basis. A lot of things have become unprofitable. Even the Government has become unprofitable so will it step down. Can you contemplate on such an eventuality? Definitely not. A number of sick units have been revived. Can these units not be revived likewise. If the public sector units are managed properly and problem elements are weeded out from this sector, the public sector will once again make profits. Thus there will be no need to close down public sector units. With these words, I conclude my speech and express my strong opposition to this Bill.

[English]

SHRI PRITHVITRAJ D. CHAVAN (Kara): Madam Chairperson, this Amendment of Sick Industrial Companies Act seeks to bring all public sector industrial undertakings within the purview of BIFR.

The Bill is simple but its implications are far-reaching. It seeks to address a very

[Sh. Prithviraj D. Chavan]

basic issue which this nation has evaded for a long time, which has been wished away and pushed under the carpet. something very significant is being decided today. A wide ranging, free and frank debate in this House is highly desirable.

There are some misapprehensions that this is an attempt at privatisation of the public sector. That this is a closure policy that it is an anti-labour policy and that it is reversal of the Nehruvian industrial policy. It is not true. In fact, it is an attempt to eliminate sickness in the public sector units by rehabilitating them by restructuring them, and if necessary, by re-deployment of resources for more productive and socially beneficial purposes, thereby creating fresh employment opportunities.

No one would like to keep an industrial unit perpetually sick because it is a drain on the national economy. If there are genuine efforts made to revive them or to restructure them, there can be nothing wrong in it.

The public sector was envisaged to make this nation self-reliant to get into core sector where investment was huge or period was too long and when private sector did not come forward with the necessary investment. It was necessary in areas where technological collaboration was not forthcoming from the West and also in strategic important areas like national defence, space and atomic energy. These objectives have been largely achieved. Today India has become sufficiently self-reliant, and a major industrial nation and the role played by the public sector can never be over-emphasised. Public sector will continue to play a major role in the national economy. But a sick public sector stagnant public sector bureaucratic over regulation inefficient uncompetitive units cannot play that role. It has to be vibrant dynamic and capable of withstanding international competition capable of exporting and comprising of companies whose employees are proud of those companies.

Now the situation is every fast changing in the world. The nationalised banks today have mobilised savings; there is the vibrant capital market. The private sector is mature and grown and is willing to invest in the core sector. Therefore, the argument no longer holds good that the public sector must invest because no one else would. We have even allowed foreign companies to come in and invest in India. We have a serious balance of payment problem today. We will have to continue to import petroleum products, phosphate fertilizers, edible oil, essential industrial components at least for the foreseeable future. Therefore we have to export to earn foreign exchange to improve our balance of trade account we have to be competitive internationally. A sick public sector unit cannot export. It has to be modernised; it has to be restructured; it has to be made quality conscious. A sick public sector cannot achieve high standard in quality of products and without which we cannot export. Without modernisation, it is not possible to do.

It is, therefore necessary to understand the causes of sickness. The sickness of industry is not a phenomenon limited to the public sector alone. Sickness is equally prevalent in the private sector. It is not a phenomenon which is limited to India only. It is a global phenomenon. There are various causes of sickness of the industry. In the public sector units, the sickness is primarily due to wrong choice of technology, wrong choice of collaborator, wrong choice of site, wrong choice of product mix. At times, there was political interference. But we have to live with the situation that there are some public sector units which are sick.

Second reason for the sickness has been technological obsolescence. We have entered the information age, information revolution. We are facing the problem of excessive labour cost as compared to the West. Without modernisation, our over-staffed industry cannot remain competitive. They will lose market abroad and here and eventually become sick.

We had opposed modernisation fearing unemployment. This policy has got to be reviewed. Public Sector has got to be made a model.

Poor industrial research in this country is also a cause for sickness. Industrial research has not come up to the mark. A lot can be said about the CSIR.

Thirdly, the most important reasons has been the management failure. The bureaucrats, the IAS Officers, are made Chiefs of the engineering units. There was political interference. Many times, the units remained headless for a very long time. There was over-bureaucratisation.

MR. CHAIRMAN: Shri Chavanji, you have to conclude at 6 O'clock.

SHRI PRITHVIRAJ D. CHAVAN: Yes Madam.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI RANGARAJAN KUMARAMANGALAM): We had almost crossed the limit by almost an hour and a half. Now I will make a suggestion that we finish the discussion today. Let the Finance Minister reply tomorrow. Otherwise, we will have no time for other business. (*Interruptions*) The other Members can speak on two occasions. There is an occasion of 193 Discussion on Public Sector Undertakings. There is an occasion on economic policy. There are two occasions. We have enough time. Let us not stretch it, because in that case the purpose to the Business Advisory Committee will not be served.

SHRI PRITHVIRAJ D. CHAVAN: One of the reasons has been over-staffing. We have to analyse why some public sector undertakings are doing well and why others are not doing well. We must analyse and remove the causes of sickness. Preventive, ameliorative and remedial measures have to be taken. Just as a nation must grow an

industrial undertakings must also it cannot be allowed to stagnate. Otherwise, it will die. It has to provide employment to an over increasing population. It has to generate profits to grow. A sick, loss-making unit, is a drain on national economy. Continued budgetary support deprives money for other productive employment generation purposes. It is also psychologically de-humanising for employees and workers. Ask any one, if they are proud to work in a sick unit, continuously on dole. No, Madam. It is criminal to keep them sick. Therefore, sickness has to be redressed. BIFR is one way. BIFR is not for winding up only. Statistics have been quoted and it has been found that in a ratio of 2:1 we have not been able to revive or restructure about twice the number of units were received as were recommended for liquidation. If need be BIFR working can be improved. There is nothing against that. We are really not discussing BIFR working. We are discussing the concept of public sector units which need to be restructured and revived. I have been told that the Government is considering a complete review of BIFR. It has to be given more teeth. The proposed safety net renewal fund has to be integrated with BIFR. The definition of sick unit could change. You could have tripartite review. But the concept has to be accepted that public sector units need to be revived. Sick units need to be made healthy.

The effect on the workers will have to be considered. Amalgamation, merger, take over by private companies, on break-up will not hurt workers because production will continue, may be under a different management or different name. But in other cases where liquidity is recommended, it will require re-training, transfer, re-allocation. Some people may be allowed to retire with a golden hand shake. But the Government is committed to stand by the workers. Therefore the House must accept the concept of restructuring the public sector companies as a means of redressing the sickness.

Let us now see what is the effect of this Bill on the public sector companies. Out of the 98 loss-making units, 83 are in the

[Sh. Prithviraj D. Chavan]

competitive sector and 15 in the monopoly sector. The 58 chronically sick public sector units, have a capital investment of Rs. 3, 000 crores. There was negative worth of Rs. 2, 600 crores because out of 58 units, 46 units were taken over from the private sector.

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Out of these 58 units, 50 units are industrial undertakings. They will affect about 3.4 lakh employees. They have Rs. 670 crore of capital investment and an accumulated loss of more than Rs. 7000 cores.

In conclusion, I would like to say that a chronically sick, loss-making, unhealthy public sector standing on a weak financial foundation cannot remain at the commanding heights of our economy. We need a

vibrant, active, modern dynamic public sector to act as a model to private sector, to act strategically in a market-intervention role and to counter the private sector monopoly

Finally, to rebuild such a public sector, the passage of this Bill is essential.

Thank you,

MR. CHAIRMAN: The hon Minister will reply tomorrow.

The House stands adjourned to meet tomorrow at 11 A.M.

18.00 hrs

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, December 4, 1991/Agrahayana 13, 1913 (Saka)